

109TH CONGRESS
2D SESSION

H. R. 6407

To reform the postal laws of the United States.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 7, 2006

Mr. TOM DAVIS of Virginia (for himself, Mr. WAXMAN, Mr. McHUGH, and Mr. DAVIS of Illinois) introduced the following bill; which was referred to the Committee on Government Reform

A BILL

To reform the postal laws of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Postal Accountability and Enhancement Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—DEFINITIONS; POSTAL SERVICES

Sec. 101. Definitions.

Sec. 102. Postal Services.

TITLE II—MODERN RATE REGULATION

Sec. 201. Provisions relating to market-dominant products.

- Sec. 202. Provisions relating to competitive products.
- Sec. 203. Provisions relating to experimental and new products.
- Sec. 204. Reporting requirements and related provisions.
- Sec. 205. Complaints; appellate review and enforcement.
- Sec. 206. Clerical amendment.

TITLE III—MODERN SERVICE STANDARDS

- Sec. 301. Establishment of modern service standards.
- Sec. 302. Postal service plan.

TITLE IV—PROVISIONS RELATING TO FAIR COMPETITION

- Sec. 401. Postal Service Competitive Products Fund.
- Sec. 402. Assumed Federal income tax on competitive products income.
- Sec. 403. Unfair competition prohibited.
- Sec. 404. Suits by and against the Postal Service.
- Sec. 405. International postal arrangements.

TITLE V—GENERAL PROVISIONS

- Sec. 501. Qualification and term requirements for Governors.
- Sec. 502. Obligations.
- Sec. 503. Private carriage of letters.
- Sec. 504. Rulemaking authority.
- Sec. 505. Noninterference with collective bargaining agreements.
- Sec. 506. Bonus authority.

TITLE VI—ENHANCED REGULATORY COMMISSION

- Sec. 601. Reorganization and modification of certain provisions relating to the Postal Regulatory Commission.
- Sec. 602. Authority for Postal Regulatory Commission to issue subpoenas.
- Sec. 603. Authorization of appropriations from the Postal Service Fund.
- Sec. 604. Redesignation of the Postal Rate Commission.
- Sec. 605. Inspector General of the Postal Regulatory Commission.

TITLE VII—EVALUATIONS

- Sec. 701. Assessments of ratemaking, classification, and other provisions.
- Sec. 702. Report on universal postal service and the postal monopoly.
- Sec. 703. Study on equal application of laws to competitive products.
- Sec. 704. Report on postal workplace safety and workplace-related injuries.
- Sec. 705. Study on recycled paper.
- Sec. 706. Greater diversity in Postal Service executive and administrative schedule management positions.
- Sec. 707. Contracts with women, minorities, and small businesses.
- Sec. 708. Rates for periodicals.
- Sec. 709. Assessment of certain rate deficiencies.
- Sec. 710. Assessment of future business model of the Postal Service.
- Sec. 711. Provisions relating to cooperative mailings.
- Sec. 712. Definition.

TITLE VIII—POSTAL SERVICE RETIREMENT AND HEALTH BENEFITS FUNDING

- Sec. 801. Short title.
- Sec. 802. Civil Service Retirement System.

Sec. 901. Temporary disability; continuation of pay.

- Sec. 1001. Employment of postal police officers.
- Sec. 1002. Obsolete provisions.
- Sec. 1003. Reduced rates.
- Sec. 1004. Sense of Congress regarding Postal Service purchasing reform.
- Sec. 1005. Contracts for transportation of mail by air.
- Sec. 1006. Date of postmark to be treated as date of appeal in connection with the closing or consolidation of post offices.
- Sec. 1007. Provisions relating to benefits under chapter 81 of title 5, United States Code, for officers and employees of the former Post Office Department.
- Sec. 1008. Hazardous matter.
- Sec. 1009. ZIP codes and retail hours.
- Sec. 1010. Technical and conforming amendments.

3 SEC. 101. DEFINITIONS.

9 “(5) ‘postal service’ refers to the delivery of let-
10 ters, printed matter, or mailable packages, including
11 acceptance, collection, sorting, transportation, or
12 other functions ancillary thereto;

13 “(6) ‘product’ means a postal service with a
14 distinct cost or market characteristic for which a
15 rate or rates are, or may reasonably be, applied;

1 “(7) ‘rates’, as used with respect to products,
2 includes fees for postal services;

3 “(8) ‘market-dominant product’ or ‘product in
4 the market-dominant category of mail’ means a
5 product subject to subchapter I of chapter 36; and

6 “(9) ‘competitive product’ or ‘product in the
7 competitive category of mail’ means a product sub-
8 ject to subchapter II of chapter 36; and

9 “(10) ‘year’, as used in chapter 36 (other than
10 subchapters I and VI thereof), means a fiscal year.”.

11 **SEC. 102. POSTAL SERVICES.**

12 (a) IN GENERAL.—Section 404 of title 39, United
13 States Code, is amended—

14 (1) in subsection (a), by striking paragraph (6)
15 and by redesignating paragraphs (7) through (9) as
16 paragraphs (6) through (8), respectively; and

17 (2) by adding at the end the following:

18 “(c)(1) In this subsection, the term “nonpostal serv-
19 ice” means any service that is not a postal service defined
20 under section 102(5).

21 “(2) Nothing in this section shall be considered to
22 permit or require that the Postal Service provide any non-
23 postal service, except that the Postal Service may provide
24 nonpostal services which were offered as of January 1,
25 2006, as provided under this subsection.

1 “(3) Not later than 2 years after the date of enact-
2 ment of the Postal Accountability and Enhancement Act,
3 the Postal Regulatory Commission shall review each non-
4 postal service offered by the Postal Service on the date
5 of enactment of that Act and determine whether that non-
6 postal service shall continue, taking into account—

7 “(A) the public need for the service; and

8 “(B) the ability of the private sector to meet
9 the public need for the service.

10 “(4) Any nonpostal service not determined to be con-
11 tinued by the Postal Regulatory Commission under para-
12 graph (3) shall terminate.

13 “(5) If the Postal Regulatory Commission authorizes
14 the Postal Service to continue a nonpostal service under
15 this subsection, the Postal Regulatory Commission shall
16 designate whether the service shall be regulated under this
17 title as a market dominant product, a competitive product,
18 or an experimental product.”.

19 (b) CONFORMING AMENDMENTS.—Section
20 1402(b)(1)(B)(ii) of the Victims of Crime Act of 1984 (98
21 Stat. 2170; 42 U.S.C. 10601(b)(1)(B)(ii)) is amended by
22 striking “404(a)(8)” and inserting “404(a)(7)”.

TITLE II—MODERN RATE REGULATION

SEC. 201. PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS.

(a) IN GENERAL.—Chapter 36 of title 39, United States Code, is amended by striking sections 3621 and 3622 and inserting the following:

“§ 3621. Applicability; definitions

“(a) APPLICABILITY.—This subchapter shall apply with respect to—

“(1) first-class mail letters and sealed parcels;

“(2) first-class mail cards;

“(3) periodicals;

“(4) standard mail;

“(5) single-piece parcel post;

“(6) media mail;

“(7) bound printed matter;

“(8) library mail;

“(9) special services; and

“(10) single-piece international mail,

subject to any changes the Postal Regulatory Commission may make under section 3642.

“(b) RULE OF CONSTRUCTION.—Mail matter referred to in subsection (a) shall, for purposes of this sub-

1 chapter, be considered to have the meaning given to such
2 mail matter under the mail classification schedule.

3 **“§ 3622. Modern rate regulation**

4 “(a) AUTHORITY GENERALLY.—The Postal Regu-
5 latory Commission shall, within 18 months after the date
6 of enactment of this section, by regulation establish (and
7 may from time to time thereafter by regulation revise) a
8 modern system for regulating rates and classes for mar-
9 ket-dominant products.

10 “(b) OBJECTIVES.—Such system shall be designed to
11 achieve the following objectives, each of which shall be ap-
12 plied in conjunction with the others:

13 “(1) To maximize incentives to reduce costs
14 and increase efficiency.

15 “(2) To create predictability and stability in
16 rates.

17 “(3) To maintain high quality service standards
18 established under section 3691.

19 “(4) To allow the Postal Service pricing flexi-
20 bility.

21 “(5) To assure adequate revenues, including re-
22 tained earnings, to maintain financial stability.

23 “(6) To reduce the administrative burden and
24 increase the transparency of the ratemaking process.

1 “(7) To enhance mail security and deter ter-
2 rorism.

3 “(8) To establish and maintain a just and rea-
4 sonable schedule for rates and classifications, how-
5 ever the objective under this paragraph shall not be
6 construed to prohibit the Postal Service from mak-
7 ing changes of unequal magnitude within, between,
8 or among classes of mail.

9 “(9) To allocate the total institutional costs of
10 the Postal Service appropriately between market-
11 dominant and competitive products.

12 “(c) FACTORS.—In establishing or revising such sys-
13 tem, the Postal Regulatory Commission shall take into ac-
14 count—

15 “(1) the value of the mail service actually pro-
16 vided each class or type of mail service to both the
17 sender and the recipient, including but not limited to
18 the collection, mode of transportation, and priority
19 of delivery;

20 “(2) the requirement that each class of mail or
21 type of mail service bear the direct and indirect
22 postal costs attributable to each class or type of mail
23 service plus that portion of all other costs of the
24 Postal Service reasonably assignable to such class or
25 type;

1 “(3) the effect of rate increases upon the gen-
2 eral public, business mail users, and enterprises in
3 the private sector of the economy engaged in the de-
4 livery of mail matter other than letters;

5 “(4) the available alternative means of sending
6 and receiving letters and other mail matter at rea-
7 sonable costs;

8 “(5) the degree of preparation of mail for deliv-
9 ery into the postal system performed by the mailer
10 and its effect upon reducing costs to the Postal
11 Service;

12 “(6) simplicity of structure for the entire sched-
13 ule and simple, identifiable relationships between the
14 rates or fees charged the various classes of mail for
15 postal services;

16 “(7) the importance of pricing flexibility to en-
17 courage increased mail volume and operational effi-
18 ciency;

19 “(8) the relative value to the people of the
20 kinds of mail matter entered into the postal system
21 and the desirability and justification for special clas-
22 sifications and services of mail;

23 “(9) the importance of providing classifications
24 with extremely high degrees of reliability and speed
25 of delivery and of providing those that do not re-

1 quire high degrees of reliability and speed of deliv-
2 ery;

3 “(10) the desirability of special classifications
4 for both postal users and the Postal Service in ac-
5 cordance with the policies of this title, including
6 agreements between the Postal Service and postal
7 users, when available on public and reasonable terms
8 to similarly situated mailers, that—

9 “(A) either—

10 “(i) improve the net financial position
11 of the Postal Service through reducing
12 Postal Service costs or increasing the over-
13 all contribution to the institutional costs of
14 the Postal Service; or

15 “(ii) enhance the performance of mail
16 preparation, processing, transportation, or
17 other functions; and

18 “(B) do not cause unreasonable harm to
19 the marketplace.

20 “(11) the educational, cultural, scientific, and
21 informational value to the recipient of mail matter;

22 “(12) the need for the Postal Service to in-
23 crease its efficiency and reduce its costs, including
24 infrastructure costs, to help maintain high quality,
25 affordable postal services;

1 (13) the value to the Postal Service and postal
2 users of promoting intelligent mail and of secure,
3 sender-identified mail; and

4 “(14) the policies of this title as well as such
5 other factors as the Commission determines appro-
6 priate.

7 “(d) REQUIREMENTS.—

8 “(1) IN GENERAL.—The system for regulating
9 rates and classes for market-dominant products
10 shall—

11 “(A) include an annual limitation on the
12 percentage changes in rates to be set by the
13 Postal Regulatory Commission that will be
14 equal to the change in the Consumer Price
15 Index for All Urban Consumers unadjusted for
16 seasonal variation over the most recent avail-
17 able 12-month period preceding the date the
18 Postal Service files notice of its intention to in-
19 crease rates;

20 “(B) establish a schedule whereby rates,
21 when necessary and appropriate, would change
22 at regular intervals by predictable amounts;

23 “(C) not later than 45 days before the im-
24 plementation of any adjustment in rates under

1 this section, including adjustments made under
2 subsection (c)(10)—

3 “(i) require the Postal Service to pro-
4 vide public notice of the adjustment;

5 “(ii) provide an opportunity for review
6 by the Postal Regulatory Commission;

7 “(iii) provide for the Postal Regu-
8 latory Commission to notify the Postal
9 Service of any noncompliance of the ad-
10 justment with the limitation under sub-
11 paragraph (A); and

12 “(iv) require the Postal Service to re-
13 spond to the notice provided under clause
14 (iii) and describe the actions to be taken to
15 comply with the limitation under subpara-
16 graph (A);

17 “(D) establish procedures whereby the
18 Postal Service may adjust rates not in excess of
19 the annual limitations under subparagraph (A);
20 and

21 “(E) notwithstanding any limitation set
22 under subparagraphs (A) and (C), and provided
23 there is not sufficient unused rate authority
24 under paragraph (2)(C), establish procedures
25 whereby rates may be adjusted on an expedited

1 basis due to either extraordinary or exceptional
2 circumstances, provided that the Commission
3 determines, after notice and opportunity for a
4 public hearing and comment, and within 90
5 days after any request by the Postal Service,
6 that such adjustment is reasonable and equi-
7 table and necessary to enable the Postal Serv-
8 ice, under best practices of honest, efficient,
9 and economical management, to maintain and
10 continue the development of postal services of
11 the kind and quality adapted to the needs of
12 the United States.

13 “(2) LIMITATIONS.—

14 “(A) CLASSES OF MAIL.—Except as pro-
15 vided under subparagraph (C), the annual limi-
16 tations under paragraph (1)(A) shall apply to a
17 class of mail, as defined in the Domestic Mail
18 Classification Schedule as in effect on the date
19 of enactment of the Postal Accountability and
20 Enhancement Act.

21 “(B) ROUNDING OF RATES AND FEES.—
22 Nothing in this subsection shall preclude the
23 Postal Service from rounding rates and fees to
24 the nearest whole integer, if the effect of such
25 rounding does not cause the overall rate in-

crease for any class to exceed the Consumer Price Index for All Urban Consumers.

“(C) USE OF UNUSED RATE AUTHORITY.—

“(i) DEFINITION.—In this subparagraph, the term ‘unused rate adjustment authority’ means the difference between—

“(I) the maximum amount of a rate adjustment that the Postal Service is authorized to make in any year subject to the annual limitation under paragraph (1); and

“(II) the amount of the rate adjustment the Postal Service actually makes in that year.

“(ii) AUTHORITY.—Subject to clause (iii), the Postal Service may use any unused rate adjustment authority for any of the 5 years following the year such authority occurred.

“(iii) LIMITATIONS.—In exercising the authority under clause (ii) in any year, the Postal Service—

“(I) may use unused rate adjustment authority from more than 1 year;

1 “(II) may use any part of the un-
2 used rate adjustment authority from
3 any year;

4 “(III) shall use the unused rate
5 adjustment authority from the earliest
6 year such authority first occurred and
7 then each following year; and

8 “(IV) for any class or service,
9 may not exceed the annual limitation
10 under paragraph (1) by more than 2
11 percentage points.

12 “(3) REVIEW.—Ten years after the date of en-
13 actment of the Postal Accountability and Enhance-
14 ment Act and as appropriate thereafter, the Com-
15 mission shall review the system for regulating rates
16 and classes for market-dominant products estab-
17 lished under this section to determine if the system
18 is achieving the objectives in subsection (b), taking
19 into account the factors in subsection (c). If the
20 Commission determines, after notice and opportunity
21 for public comment, that the system is not achieving
22 the objectives in subsection (b), taking into account
23 the factors in subsection (c), the Commission may,
24 by regulation, make such modification or adopt such
25 alternative system for regulating rates and classes

1 for market-dominant products as necessary to
2 achieve the objectives.

3 “(e) WORKSHARE DISCOUNTS.—

4 “(1) DEFINITION.—In this subsection, the term
5 ‘workshare discount’ refers to rate discounts pro-
6 vided to mailers for the presorting, prebarcoding,
7 handling, or transportation of mail, as further de-
8 fined by the Postal Regulatory Commission under
9 subsection (a).

10 “(2) SCOPE.—The Postal Regulatory Commis-
11 sion shall ensure that such discounts do not exceed
12 the cost that the Postal Service avoids as a result
13 of workshare activity, unless—

14 “(A) the discount is—

15 “(i) associated with a new postal serv-
16 ice, a change to an existing postal service,
17 or with a new work share initiative related
18 to an existing postal service; and

19 “(ii) necessary to induce mailer behav-
20 ior that furthers the economically efficient
21 operation of the Postal Service and the
22 portion of the discount in excess of the
23 cost that the Postal Service avoids as a re-
24 sult of the workshare activity will be
25 phased out over a limited period of time;

1 “(B) the amount of the discount above
2 costs avoided—

3 “(i) is necessary to mitigate rate
4 shock; and

5 “(ii) will be phased out over time;

6 “(C) the discount is provided in connection
7 with subclasses of mail consisting exclusively of
8 mail matter of educational, cultural, scientific,
9 or informational value; or

10 “(D) reduction or elimination of the dis-
11 count would impede the efficient operation of
12 the Postal Service.

13 “(3) LIMITATION.—Nothing in this subsection
14 shall require that a work share discount be reduced
15 or eliminated if the reduction or elimination of the
16 discount would—

17 “(A) lead to a loss of volume in the af-
18 fected category or subclass of mail and reduce
19 the aggregate contribution to the institutional
20 costs of the Postal Service from the category or
21 subclass subject to the discount below what it
22 otherwise would have been if the discount had
23 not been reduced or eliminated; or

1 “(B) result in a further increase in the
2 rates paid by mailers not able to take advan-
3 tage of the discount.

4 “(4) REPORT.—Whenever the Postal Service es-
5 tablishes a workshare discount rate, the Postal Serv-
6 ice shall, at the time it publishes the workshare dis-
7 count rate, submit to the Postal Regulatory Com-
8 mission a detailed report that—

9 “(A) explains the Postal Service’s rea-
10 sons for establishing the rate;

11 “(B) sets forth the data, economic
12 analyses, and other information relied on
13 by the Postal Service to justify the rate;
14 and

15 “(C) certifies that the discount will
16 not adversely affect rates or services pro-
17 vided to users of postal services who do not
18 take advantage of the discount rate.

19 “(f) TRANSITION RULE.—For the 1-year period be-
20 ginning on the date of enactment of this section, rates and
21 classes for market-dominant products shall remain subject
22 to modification in accordance with the provisions of this
23 chapter and section 407, as such provisions were last in
24 effect before the date of enactment of this section. Pro-
25 ceedings initiated to consider a request for a recommended

1 decision filed by the Postal Service during that 1-year pe-
 2 riod shall be completed in accordance with subchapter II
 3 of chapter 36 of this title and implementing regulations,
 4 as in effect before the date of enactment of this section.”.

5 (b) REPEALED SECTIONS.—Sections 3623, 3624,
 6 3625, and 3628 of title 39, United States Code, are re-
 7 pealed.

8 (c) REDESIGNATION.—Chapter 36 of title 39, United
 9 States Code (as in effect after the amendment made by
 10 section 601, but before the amendment made by section
 11 202) is amended by striking the heading for subchapter
 12 II and inserting the following:

13 “SUBCHAPTER I—PROVISIONS RELATING TO
 14 MARKET-DOMINANT PRODUCTS”.

15 **SEC. 202. PROVISIONS RELATING TO COMPETITIVE PROD-**
 16 **UCTS.**

17 Chapter 36 of title 39, United States Code, is amend-
 18 ed by inserting after section 3629 the following:

19 “SUBCHAPTER II—PROVISIONS RELATING TO
 20 COMPETITIVE PRODUCTS

21 “§ 3631. **Applicability; definitions and updates**

22 “(a) APPLICABILITY.—This subchapter shall apply
 23 with respect to—

24 “(1) priority mail;

25 “(2) expedited mail;

1 “(3) bulk parcel post;
 2 “(4) bulk international mail; and
 3 “(5) mailgrams;
 4 subject to subsection (d) and any changes the Postal Reg-
 5 ulatory Commission may make under section 3642.

6 “(b) DEFINITION.—For purposes of this subchapter,
 7 the term ‘costs attributable’, as used with respect to a
 8 product, means the direct and indirect postal costs attrib-
 9 utable to such product through reliably identified causal
 10 relationships.

11 “(c) RULE OF CONSTRUCTION.—Mail matter re-
 12 ferred to in subsection (a) shall, for purposes of this sub-
 13 chapter, be considered to have the meaning given to such
 14 mail matter under the mail classification schedule.

15 **“§ 3632. Action of the Governors**

16 “(a) AUTHORITY TO ESTABLISH RATES AND CLASS-
 17 ES.—The Governors, with the concurrence of a majority
 18 of all of the Governors then holding office, shall establish
 19 rates and classes for products in the competitive category
 20 of mail in accordance with the requirements of this sub-
 21 chapter and regulations promulgated under section 3633.

22 “(b) PROCEDURES.—

23 “(1) IN GENERAL.—Rates and classes shall be
 24 established in writing, complete with a statement of

1 explanation and justification, and the date as of
2 which each such rate or class takes effect.

3 “(2) RATES OR CLASSES OF GENERAL APPLICA-
4 BILITY.—In the case of rates or classes of general
5 applicability in the Nation as a whole or in any sub-
6 stantial region of the Nation, the Governors shall
7 cause each rate and class decision under this section
8 and the record of the Governors’ proceedings in con-
9 nection with such decision to be published in the
10 Federal Register at least 30 days before the effective
11 date of any new rates or classes.

12 “(3) RATES OR CLASSES NOT OF GENERAL AP-
13 PLICABILITY.—In the case of rates or classes not of
14 general applicability in the Nation as a whole or in
15 any substantial region of the Nation, the Governors
16 shall cause each rate and class decision under this
17 section and the record of the proceedings in connec-
18 tion with such decision to be filed with the Postal
19 Regulatory Commission by such date before the ef-
20 fective date of any new rates or classes as the Gov-
21 ernors consider appropriate, but in no case less than
22 15 days.

23 “(4) CRITERIA.—As part of the regulations re-
24 quired under section 3633, the Postal Regulatory
25 Commission shall establish criteria for determining

1 when a rate or class established under this sub-
2 chapter is or is not of general applicability in the
3 Nation as a whole or in any substantial region of the
4 Nation.

5 “(c) TRANSITION RULE.—Until regulations under
6 section 3633 first take effect, rates and classes for com-
7 petitive products shall remain subject to modification in
8 accordance with the provisions of this chapter and section
9 407, as such provisions were as last in effect before the
10 date of enactment of this section.

11 **“§ 3633. Provisions applicable to rates for competitive**
12 **products**

13 “(a) IN GENERAL.—The Postal Regulatory Commis-
14 sion shall, within 18 months after the date of enactment
15 of this section, promulgate (and may from time to time
16 thereafter revise) regulations to—

17 “(1) prohibit the subsidization of competitive
18 products by market-dominant products;

19 “(2) ensure that each competitive product cov-
20 ers its costs attributable; and

21 “(3) ensure that all competitive products collec-
22 tively cover what the Commission determines to be
23 an appropriate share of the institutional costs of the
24 Postal Service.

1 “(b) REVIEW OF MINIMUM CONTRIBUTION.—Five
 2 years after the date of enactment of this section, and every
 3 5 years thereafter, the Postal Regulatory Commission
 4 shall conduct a review to determine whether the institu-
 5 tional costs contribution requirement under subsection
 6 (a)(3) should be retained in its current form, modified,
 7 or eliminated. In making its determination, the Commis-
 8 sion shall consider all relevant circumstances, including
 9 the prevailing competitive conditions in the market, and
 10 the degree to which any costs are uniquely or dispropor-
 11 tionately associated with any competitive products.”.

12 **SEC. 203. PROVISIONS RELATING TO EXPERIMENTAL AND**
 13 **NEW PRODUCTS.**

14 Subchapter III of chapter 36 of title 39, United
 15 States Code, is amended to read as follows:

16 “SUBCHAPTER III—PROVISIONS RELATING TO
 17 EXPERIMENTAL AND NEW PRODUCTS

18 “§ 3641. Market tests of experimental products

19 “(a) AUTHORITY.—

20 “(1) IN GENERAL.—The Postal Service may
 21 conduct market tests of experimental products in ac-
 22 cordance with this section.

23 “(2) PROVISIONS WAIVED.—A product shall
 24 not, while it is being tested under this section, be
 25 subject to the requirements of sections 3622, 3633,

1 or 3642, or regulations promulgated under those
2 sections.

3 “(b) CONDITIONS.—A product may not be tested
4 under this section unless it satisfies each of the following:

5 “(1) SIGNIFICANTLY DIFFERENT PRODUCT.—
6 The product is, from the viewpoint of the mail users,
7 significantly different from all products offered by
8 the Postal Service within the 2-year period preceding
9 the start of the test.

10 “(2) MARKET DISRUPTION.—The introduction
11 or continued offering of the product will not create
12 an unfair or otherwise inappropriate competitive ad-
13 vantage for the Postal Service or any mailer, par-
14 ticularly in regard to small business concerns (as de-
15 fined under subsection (h)).

16 “(3) CORRECT CATEGORIZATION.—The Postal
17 Service identifies the product, for the purpose of a
18 test under this section, as either market-dominant or
19 competitive, consistent with the criteria under sec-
20 tion 3642(b)(1). Costs and revenues attributable to
21 a product identified as competitive shall be included
22 in any determination under section 3633(3) (relating
23 to provisions applicable to competitive products col-
24 lectively). Any test that solely affects products cur-
25 rently classified as competitive, or which provides

1 services ancillary to only competitive products, shall
2 be presumed to be in the competitive product cat-
3 egory without regard to whether a similar ancillary
4 product exists for market-dominant products.

5 “(c) NOTICE.—

6 “(1) IN GENERAL.—At least 30 days before ini-
7 tiating a market test under this section, the Postal
8 Service shall file with the Postal Regulatory Com-
9 mission and publish in the Federal Register a no-
10 tice—

11 “(A) setting out the basis for the Postal
12 Service’s determination that the market test is
13 covered by this section; and

14 “(B) describing the nature and scope of
15 the market test.

16 “(2) SAFEGUARDS.—For a competitive experi-
17 mental product, the provisions of section 504(g)
18 shall be available with respect to any information re-
19 quired to be filed under paragraph (1) to the same
20 extent and in the same manner as in the case of any
21 matter described in section 504(g)(1). Nothing in
22 paragraph (1) shall be considered to permit or re-
23 quire the publication of any information as to which
24 confidential treatment is accorded under the pre-

1 ceding sentence (subject to the same exception as set
2 forth in section 504(g)(3)).

3 “(d) DURATION.—

4 “(1) IN GENERAL.—A market test of a product
5 under this section may be conducted over a period
6 of not to exceed 24 months.

7 “(2) EXTENSION AUTHORITY.—If necessary in
8 order to determine the feasibility or desirability of a
9 product being tested under this section, the Postal
10 Regulatory Commission may, upon written applica-
11 tion of the Postal Service (filed not later than 60
12 days before the date as of which the testing of such
13 product would otherwise be scheduled to terminate
14 under paragraph (1)), extend the testing of such
15 product for not to exceed an additional 12 months.

16 “(e) DOLLAR-AMOUNT LIMITATION.—

17 “(1) IN GENERAL.—A product may only be
18 tested under this section if the total revenues that
19 are anticipated, or in fact received, by the Postal
20 Service from such product do not exceed
21 \$10,000,000 in any year, subject to paragraph (2)
22 and subsection (g). In carrying out the preceding
23 sentence, the Postal Regulatory Commission may
24 limit the amount of revenues the Postal Service may
25 obtain from any particular geographic market as

1 necessary to prevent market disruption (as defined
2 under subsection (b)(2)).

3 “(2) EXEMPTION AUTHORITY.—The Postal
4 Regulatory Commission may, upon written applica-
5 tion of the Postal Service, exempt the market test
6 from the limit in paragraph (1) if the total revenues
7 that are anticipated, or in fact received, by the Post-
8 al Service from such product do not exceed
9 \$50,000,000 in any year, subject to subsection (g).
10 In reviewing an application under this paragraph,
11 the Postal Regulatory Commission shall approve
12 such application if it determines that—

13 “(A) the product is likely to benefit the
14 public and meet an expected demand;

15 “(B) the product is likely to contribute to
16 the financial stability of the Postal Service; and

17 “(C) the product is not likely to result in
18 unfair or otherwise inappropriate competition.

19 “(f) CANCELLATION.—If the Postal Regulatory Com-
20 mission at any time determines that a market test under
21 this section fails, with respect to any particular product,
22 to meet 1 or more of the requirements of this section, it
23 may order the cancellation of the test involved or take
24 such other action as it considers appropriate. A determina-
25 tion under this subsection shall be made in accordance

1 with such procedures as the Commission shall by regula-
2 tion prescribe.

3 “(g) ADJUSTMENT FOR INFLATION.—For purposes
4 of each year following the year in which occurs the dead-
5 line for the Postal Service’s first report to the Postal Reg-
6 ulatory Commission under section 3652(a), each dollar
7 amount contained in this section shall be adjusted by the
8 change in the Consumer Price Index for such year (as de-
9 termined under regulations of the Commission).

10 “(h) DEFINITION OF A SMALL BUSINESS CON-
11 CERN.—The criteria used in defining small business con-
12 cerns or otherwise categorizing business concerns as small
13 business concerns shall, for purposes of this section, be
14 established by the Postal Regulatory Commission in con-
15 formance with the requirements of section 3 of the Small
16 Business Act.

17 “(i) EFFECTIVE DATE.—Market tests under this
18 subchapter may be conducted in any year beginning with
19 the first year in which occurs the deadline for the Postal
20 Service’s first report to the Postal Regulatory Commission
21 under section 3652(a).

1 **“§ 3642. New products and transfers of products be-**
2 **tween the market-dominant and competi-**
3 **tive categories of mail**

4 “(a) IN GENERAL.—Upon request of the Postal Serv-
5 ice or users of the mails, or upon its own initiative, the
6 Postal Regulatory Commission may change the list of
7 market-dominant products under section 3621 and the list
8 of competitive products under section 3631 by adding new
9 products to the lists, removing products from the lists, or
10 transferring products between the lists.

11 “(b) CRITERIA.—All determinations by the Postal
12 Regulatory Commission under subsection (a) shall be
13 made in accordance with the following criteria:

14 “(1) The market-dominant category of products
15 shall consist of each product in the sale of which the
16 Postal Service exercises sufficient market power that
17 it can effectively set the price of such product sub-
18 stantially above costs, raise prices significantly, de-
19 crease quality, or decrease output, without risk of
20 losing a significant level of business to other firms
21 offering similar products. The competitive category
22 of products shall consist of all other products.

23 “(2) EXCLUSION OF PRODUCTS COVERED BY
24 POSTAL MONOPOLY.—A product covered by the post-
25 al monopoly shall not be subject to transfer under
26 this section from the market-dominant category of

1 mail. For purposes of the preceding sentence, the
2 term ‘product covered by the postal monopoly’
3 means any product the conveyance or transmission
4 of which is reserved to the United States under sec-
5 tion 1696 of title 18, subject to the same exception
6 as set forth in the last sentence of section 409(e)(1).

7 “(3) ADDITIONAL CONSIDERATIONS.—In mak-
8 ing any decision under this section, due regard shall
9 be given to—

10 “(A) the availability and nature of enter-
11 prises in the private sector engaged in the deliv-
12 ery of the product involved;

13 “(B) the views of those who use the prod-
14 uct involved on the appropriateness of the pro-
15 posed action; and

16 “(C) the likely impact of the proposed ac-
17 tion on small business concerns (within the
18 meaning of section 3641(h)).

19 “(c) TRANSFERS OF SUBCLASSES AND OTHER SUB-
20 ORDINATE UNITS ALLOWABLE.—Nothing in this title
21 shall be considered to prevent transfers under this section
22 from being made by reason of the fact that they would
23 involve only some (but not all) of the subclasses or other
24 subordinate units of the class of mail or type of postal

1 service involved (without regard to satisfaction of min-
2 imum quantity requirements standing alone).

3 “(d) NOTIFICATION AND PUBLICATION REQUIRE-
4 MENTS.—

5 “(1) NOTIFICATION REQUIREMENT.—The Post-
6 al Service shall, whenever it requests to add a prod-
7 uct or transfer a product to a different category, file
8 with the Postal Regulatory Commission and publish
9 in the Federal Register a notice setting out the basis
10 for its determination that the product satisfies the
11 criteria under subsection (b) and, in the case of a
12 request to add a product or transfer a product to
13 the competitive category of mail, that the product
14 meets the regulations promulgated by the Postal
15 Regulatory Commission under section 3633. The
16 provisions of section 504(g) shall be available with
17 respect to any information required to be filed.

18 “(2) PUBLICATION REQUIREMENT.—The Postal
19 Regulatory Commission shall, whenever it changes
20 the list of products in the market-dominant or com-
21 petitive category of mail, prescribe new lists of prod-
22 ucts. The revised lists shall indicate how and when
23 any previous lists (including the lists under sections
24 3621 and 3631) are superseded, and shall be pub-
25 lished in the Federal Register.

1 “(e) PROHIBITION.—Except as provided in section
 2 3641, no product that involves the physical delivery of let-
 3 ters, printed matter, or packages may be offered by the
 4 Postal Service unless it has been assigned to the market-
 5 dominant or competitive category of mail (as appropriate)
 6 either—

7 “(1) under this subchapter; or

8 “(2) by or under any other provision of law.”.

9 **SEC. 204. REPORTING REQUIREMENTS AND RELATED PRO-**
 10 **VISIONS.**

11 (a) REDESIGNATION.—Chapter 36 of title 39, United
 12 States Code (as in effect before the amendment made by
 13 subsection (b)) is amended—

14 (1) by striking the heading for subchapter IV
 15 and inserting the following:

16 “SUBCHAPTER V—POSTAL SERVICES,
 17 COMPLAINTS, AND JUDICIAL REVIEW”; and

18 (2) by striking the heading for subchapter V
 19 and inserting the following:

20 “SUBCHAPTER VI—GENERAL”.

21 (b) REPORTS AND COMPLIANCE.—Chapter 36 of title
 22 39, United States Code, is amended by inserting after sub-
 23 chapter III the following:

1 “SUBCHAPTER IV—REPORTING
2 REQUIREMENTS AND RELATED PROVISIONS

3 **“§ 3651. Annual reports by the Commission**

4 “(a) IN GENERAL.—The Postal Regulatory Commis-
5 sion shall submit an annual report to the President and
6 the Congress concerning the operations of the Commission
7 under this title, including the extent to which regulations
8 are achieving the objectives under sections 3622 and 3633,
9 respectively.

10 “(b) ADDITIONAL INFORMATION.—

11 “(1) IN GENERAL.—In addition to the informa-
12 tion required under subsection (a), each report
13 under this section shall also include, with respect to
14 the period covered by such report, an estimate of the
15 costs incurred by the Postal Service in providing—

16 “(A) postal services to areas of the Nation
17 where, in the judgment of the Postal Regu-
18 latory Commission, the Postal Service either
19 would not provide services at all or would not
20 provide such services in accordance with the re-
21 quirements of this title if the Postal Service
22 were not required to provide prompt, reliable,
23 and efficient services to patrons in all areas and
24 all communities, including as required under
25 the first sentence of section 101(b);

1 “(B) free or reduced rates for postal serv-
 2 ices as required by this title; and

3 “(C) other public services or activities
 4 which, in the judgment of the Postal Regulatory
 5 Commission, would not otherwise have been
 6 provided by the Postal Service but for the re-
 7 quirements of law.

8 “(2) BASIS FOR ESTIMATES.—The Commission
 9 shall detail the basis for its estimates and the statu-
 10 tory requirements giving rise to the costs identified
 11 in each report under this section.

12 “(c) INFORMATION FROM POSTAL SERVICE.—The
 13 Postal Service shall provide the Postal Regulatory Com-
 14 mission with such information as may, in the judgment
 15 of the Commission, be necessary in order for the Commis-
 16 sion to prepare its reports under this section.

17 **“§ 3652. Annual reports to the Commission**

18 “(a) COSTS, REVENUES, RATES, AND SERVICE.—Ex-
 19 cept as provided in subsection (c), the Postal Service shall,
 20 no later than 90 days after the end of each year, prepare
 21 and submit to the Postal Regulatory Commission a report
 22 (together with such nonpublic annex to the report as the
 23 Commission may require under subsection (e))—

24 “(1) which shall analyze costs, revenues, rates,
 25 and quality of service, using such methodologies as

1 the Commission shall by regulation prescribe, and in
2 sufficient detail to demonstrate that all products
3 during such year complied with all applicable re-
4 quirements of this title; and

5 “(2) which shall, for each market-dominant
6 product provided in such year, provide—

7 “(A) product information, including mail
8 volumes; and

9 “(B) measures of the quality of service af-
10 farded by the Postal Service in connection with
11 such product, including—

12 “(i) the level of service (described in
13 terms of speed of delivery and reliability)
14 provided; and

15 “(ii) the degree of customer satisfac-
16 tion with the service provided.

17 The Inspector General shall regularly audit the data
18 collection systems and procedures utilized in col-
19 lecting information and preparing such report (in-
20 cluding any annex thereto and the information re-
21 quired under subsection (b)). The results of any
22 such audit shall be submitted to the Postal Service
23 and the Postal Regulatory Commission.

24 “(b) INFORMATION RELATING TO WORKSHARE DIS-
25 COUNTS.—The Postal Service shall include, in each report

1 under subsection (a), the following information with re-
2 spect to each market-dominant product for which a
3 workshare discount was in effect during the period covered
4 by such report:

5 “(1) The per-item cost avoided by the Postal
6 Service by virtue of such discount.

7 “(2) The percentage of such per-item cost
8 avoided that the per-item workshare discount rep-
9 resents.

10 “(3) The per-item contribution made to institu-
11 tional costs.

12 “(c) MARKET TESTS.—In carrying out subsections
13 (a) and (b) with respect to experimental products offered
14 through market tests under section 3641 in a year, the
15 Postal Service shall—

16 “(1) report data on the costs, revenues, and
17 quality of service by market test, which may be re-
18 ported in summary form; and

19 “(2) report such data as the Postal Regulatory
20 Commission requires.

21 “(d) SUPPORTING MATTER.—The Postal Regulatory
22 Commission shall have access, in accordance with such
23 regulations as the Commission shall prescribe, to the
24 working papers and any other supporting matter of the

1 Postal Service and the Inspector General in connection
2 with any information submitted under this section.

3 “(e) CONTENT AND FORM OF REPORTS.—

4 “(1) IN GENERAL.—The Postal Regulatory
5 Commission shall, by regulation, prescribe the con-
6 tent and form of the public reports (and any non-
7 public annex and supporting matter relating to the
8 report) to be provided by the Postal Service under
9 this section. In carrying out this subsection, the
10 Commission shall give due consideration to—

11 “(A) providing the public with timely, ade-
12 quate information to assess the lawfulness of
13 rates charged;

14 “(B) avoiding unnecessary or unwarranted
15 administrative effort and expense on the part of
16 the Postal Service; and

17 “(C) protecting the confidentiality of com-
18 mercially sensitive information.

19 “(2) REVISED REQUIREMENTS.—The Commis-
20 sion may, on its own motion or on request of an in-
21 terested party, initiate proceedings (to be conducted
22 in accordance with regulations that the Commission
23 shall prescribe) to improve the quality, accuracy, or
24 completeness of Postal Service data required by the

1 Commission under this subsection whenever it shall
2 appear that—

3 “(A) the attribution of costs or revenues to
4 products has become significantly inaccurate or
5 can be significantly improved;

6 “(B) the quality of service data has be-
7 come significantly inaccurate or can be signifi-
8 cantly improved; or

9 “(C) such revisions are, in the judgment of
10 the Commission, otherwise necessitated by the
11 public interest.

12 “(f) CONFIDENTIAL INFORMATION.—

13 “(1) IN GENERAL.—If the Postal Service deter-
14 mines that any document or portion of a document,
15 or other matter, which it provides to the Postal Reg-
16 ulatory Commission in a nonpublic annex under this
17 section or under subsection (d) contains information
18 which is described in section 410(c) of this title, or
19 exempt from public disclosure under section 552(b)
20 of title 5, the Postal Service shall, at the time of
21 providing such matter to the Commission, notify the
22 Commission of its determination, in writing, and de-
23 scribe with particularity the documents (or portions
24 of documents) or other matter for which confiden-
25 tiality is sought and the reasons therefor.

1 “(2) TREATMENT.—Any information or other
 2 matter described in paragraph (1) to which the
 3 Commission gains access under this section shall be
 4 subject to paragraphs (2) and (3) of section 504(g)
 5 in the same way as if the Commission had received
 6 notification with respect to such matter under sec-
 7 tion 504(g)(1).

8 “(g) OTHER REPORTS.—The Postal Service shall
 9 submit to the Postal Regulatory Commission, together
 10 with any other submission that the Postal Service is re-
 11 quired to make under this section in a year, copies of its
 12 then most recent—

13 “(1) comprehensive statement under section
 14 2401(e);

15 “(2) performance plan under section 2803; and

16 “(3) program performance reports under sec-
 17 tion 2804.

18 **“§ 3653. Annual determination of compliance**

19 “(a) OPPORTUNITY FOR PUBLIC COMMENT.—After
 20 receiving the reports required under section 3652 for any
 21 year, the Postal Regulatory Commission shall promptly
 22 provide an opportunity for comment on such reports by
 23 users of the mails, affected parties, and an officer of the
 24 Commission who shall be required to represent the inter-
 25 ests of the general public.

1 “(b) DETERMINATION OF COMPLIANCE OR NON-
2 COMPLIANCE.—Not later than 90 days after receiving the
3 submissions required under section 3652 with respect to
4 a year, the Postal Regulatory Commission shall make a
5 written determination as to—

6 “(1) whether any rates or fees in effect during
7 such year (for products individually or collectively)
8 were not in compliance with applicable provisions of
9 this chapter (or regulations promulgated there-
10 under); or

11 “(2) whether any service standards in effect
12 during such year were not met.

13 If, with respect to a year, no instance of noncompliance
14 is found under this subsection to have occurred in such
15 year, the written determination shall be to that effect.

16 “(c) NONCOMPLIANCE WITH REGARD TO RATES OR
17 SERVICES.—If, for a year, a timely written determination
18 of noncompliance is made under subsection (b), the Postal
19 Regulatory Commission shall take appropriate action in
20 accordance with subsections (c) and (e) of section 3662
21 (as if a complaint averring such noncompliance had been
22 duly filed and found under such section to be justified).

23 “(d) REVIEW OF PERFORMANCE GOALS.—The Postal
24 Regulatory Commission shall also evaluate annually
25 whether the Postal Service has met the goals established

1 under sections 2803 and 2804, and may provide rec-
 2 ommendations to the Postal Service related to the protec-
 3 tion or promotion of public policy objectives set out in this
 4 title.

5 “(e) REBUTTABLE PRESUMPTION.—A timely written
 6 determination described in the last sentence of subsection
 7 (b) shall, for purposes of any proceeding under section
 8 3662, create a rebuttable presumption of compliance by
 9 the Postal Service (with regard to the matters described
 10 under paragraphs (1) and (2) of subsection (b)) during
 11 the year to which such determination relates.

12 **“§ 3654. Additional financial reporting**

13 “(a) ADDITIONAL FINANCIAL REPORTING.—

14 “(1) IN GENERAL.—The Postal Service shall
 15 file with the Postal Regulatory Commission begin-
 16 ning with the first full fiscal year following the effec-
 17 tive date of this section—

18 “(A) within 40 days after the end of each
 19 fiscal quarter, a quarterly report containing the
 20 information required by the Securities and Ex-
 21 change Commission to be included in quarterly
 22 reports under sections 13 and 15(d) of the Se-
 23 curities Exchange Act of 1934 (15 U.S.C. 78m,
 24 78o(d)) on Form 10-Q, as such Form (or any

1 successor form) may be revised from time to
2 time;

3 “(B) within 60 days after the end of each
4 fiscal year, an annual report containing the in-
5 formation required by the Securities and Ex-
6 change Commission to be included in annual re-
7 ports under such sections on Form 10–K, as
8 such Form (or any successor form) may be re-
9 vised from time to time; and

10 “(C) periodic reports within the time frame
11 and containing the information prescribed in
12 Form 8–K of the Securities and Exchange
13 Commission, as such Form (or any successor
14 form) may be revised from time to time.

15 “(2) REGISTRANT DEFINED.—For purposes of
16 defining the reports required by paragraph (1), the
17 Postal Service shall be deemed to be the ‘registrant’
18 described in the Securities and Exchange Commis-
19 sion Forms, and references contained in such Forms
20 to Securities and Exchange Commission regulations
21 are incorporated herein by reference, as amended.

22 “(3) INTERNAL CONTROL REPORT.—For pur-
23 poses of defining the reports required by paragraph
24 (1)(B), the Postal Service shall comply with the
25 rules prescribed by the Securities and Exchange

1 Commission implementing section 404 of the Sar-
2 banes-Oxley Act of 2002 (15 U.S.C. 7262), begin-
3 ning with the annual report for fiscal year 2010.

4 “(b) FINANCIAL REPORTING.—

5 “(1) The reports required by subsection
6 (a)(1)(B) shall include, with respect to the Postal
7 Service’s pension and post-retirement health obliga-
8 tions—

9 “(A) the funded status of the Postal Serv-
10 ice’s pension and postretirement health obliga-
11 tions;

12 “(B) components of the net change in the
13 fund balances and obligations and the nature
14 and cause of any significant changes;

15 “(C) components of net periodic costs;

16 “(D) cost methods and assumptions under-
17 lying the relevant actuarial valuations;

18 “(E) the effect of a one-percentage point
19 increase in the assumed health care cost trend
20 rate for each future year on the service and in-
21 terest costs components of net periodic post-
22 retirement health cost and the accumulated ob-
23 ligation;

24 “(F) actual contributions to and payments
25 from the funds for the years presented and the

1 estimated future contributions and payments
2 for each of the following 5 years;

3 “(G) the composition of plan assets re-
4 flected in the fund balances; and

5 “(H) the assumed rate of return on fund
6 balances and the actual rates of return for the
7 years presented.

8 “(2) The Office of Personnel Management shall
9 provide the data listed under paragraph (1) to the
10 Postal Service not later than 30 days after the end
11 of each fiscal year.

12 “(3)(A) Beginning with reports for the fiscal
13 year 2010, for purposes of the reports required
14 under subparagraphs (A) and (B) of subsection
15 (a)(1), the Postal Service shall include segment re-
16 porting.

17 “(B) The Postal Service shall determine the ap-
18 propriate segment reporting under subparagraph (A)
19 after consultation with the Postal Regulatory Com-
20 mission.

21 “(c) TREATMENT.—For purposes of the reports re-
22 quired by subsection (a)(1)(B), the Postal Service shall
23 obtain an opinion from an independent auditor on whether
24 the information listed in subsection (b) is fairly stated in

1 all material respects, either in relation to the basic finan-
2 cial statements as a whole or on a stand-alone basis.

3 “(d) SUPPORTING MATTER.—The Postal Regulatory
4 Commission shall have access to the audit documentation
5 and any other supporting matter of the Postal Service and
6 its independent auditor in connection with any information
7 submitted under this section.

8 “(e) REVISED REQUIREMENTS.—The Postal Regu-
9 latory Commission may, on its own motion or on request
10 of an interested party, initiate proceedings (to be con-
11 ducted in accordance with regulations that the Commis-
12 sion shall prescribe) to improve the quality, accuracy, or
13 completeness of Postal Service data required under this
14 section whenever it shall appear that—

15 “(1) the data have become significantly inac-
16 curate or can be significantly improved; or

17 “(2) those revisions are, in the judgment of the
18 Commission, otherwise necessitated by the public in-
19 terest.

20 “(f) CONFIDENTIAL INFORMATION.—

21 “(1) IN GENERAL.—If the Postal Service deter-
22 mines that any document or portion of a document,
23 or other matter, which it provides to the Postal Reg-
24 ulatory Commission in a nonpublic annex under this
25 section or pursuant to subsection (d) contains infor-

1 mation which is described in section 410(c) of this
 2 title, or exempt from public disclosure under section
 3 552(b) of title 5, the Postal Service shall, at the
 4 time of providing such matter to the Commission,
 5 notify the Commission of its determination, in writ-
 6 ing, and describe with particularity the documents
 7 (or portions of documents) or other matter for which
 8 confidentiality is sought and the reasons therefor.

9 “(2) TREATMENT.—Any information or other
 10 matter described in paragraph (1) to which the
 11 Commission gains access under this section shall be
 12 subject to paragraphs (2) and (3) of section 504(g)
 13 in the same way as if the Commission had received
 14 notification with respect to such matter under sec-
 15 tion 504(g)(1).”.

16 **SEC. 205. COMPLAINTS; APPELLATE REVIEW AND EN-**
 17 **FORCEMENT.**

18 Chapter 36 of title 39, United States Code, is amend-
 19 ed by striking sections 3662 and 3663 and inserting the
 20 following:

21 **“§ 3662. Rate and service complaints**

22 “(a) IN GENERAL.—Any interested person (including
 23 an officer of the Postal Regulatory Commission rep-
 24 resenting the interests of the general public) who believes
 25 the Postal Service is not operating in conformance with

1 the requirements of the provisions of sections 101(d),
2 401(2), 403(c), 404a, or 601, or this chapter (or regula-
3 tions promulgated under any of those provisions) may
4 lodge a complaint with the Postal Regulatory Commission
5 in such form and manner as the Commission may pre-
6 scribe.

7 “(b) PROMPT RESPONSE REQUIRED.—

8 “(1) IN GENERAL.—The Postal Regulatory
9 Commission shall, within 90 days after receiving a
10 complaint under subsection (a)—

11 “(A) either—

12 “(i) upon a finding that such com-
13 plaint raises material issues of fact or law,
14 begin proceedings on such complaint; or

15 “(ii) issue an order dismissing the
16 complaint; and

17 “(B) with respect to any action taken
18 under subparagraph (A) (i) or (ii), issue a writ-
19 ten statement setting forth the bases of its de-
20 termination.

21 “(2) TREATMENT OF COMPLAINTS NOT TIMELY
22 ACTED ON.—For purposes of section 3663, any com-
23 plaint under subsection (a) on which the Commis-
24 sion fails to act in the time and manner required by
25 paragraph (1) shall be treated in the same way as

1 if it had been dismissed pursuant to an order issued
2 by the Commission on the last day allowable for the
3 issuance of such order under paragraph (1).

4 “(c) ACTION REQUIRED IF COMPLAINT FOUND TO
5 BE JUSTIFIED.—If the Postal Regulatory Commission
6 finds the complaint to be justified, it shall order that the
7 Postal Service take such action as the Commission con-
8 siderers appropriate in order to achieve compliance with the
9 applicable requirements and to remedy the effects of any
10 noncompliance (such as ordering unlawful rates to be ad-
11 justed to lawful levels, ordering the cancellation of market
12 tests, ordering the Postal Service to discontinue providing
13 loss-making products, or requiring the Postal Service to
14 make up for revenue shortfalls in competitive products).

15 “(d) AUTHORITY TO ORDER FINES IN CASES OF DE-
16 LIBERATE NONCOMPLIANCE.—In addition, in cases of de-
17 liberate noncompliance by the Postal Service with the re-
18 quirements of this title, the Postal Regulatory Commission
19 may order, based on the nature, circumstances, extent,
20 and seriousness of the noncompliance, a fine (in the
21 amount specified by the Commission in its order) for each
22 incidence of noncompliance. Fines resulting from the pro-
23 vision of competitive products shall be paid from the Com-
24 petitive Products Fund established in section 2011. All re-
25 ceipts from fines imposed under this subsection shall be

1 deposited in the general fund of the Treasury of the
2 United States.

3 **“§ 3663. Appellate review**

4 “A person, including the Postal Service, adversely af-
5 fected or aggrieved by a final order or decision of the Post-
6 al Regulatory Commission may, within 30 days after such
7 order or decision becomes final, institute proceedings for
8 review thereof by filing a petition in the United States
9 Court of Appeals for the District of Columbia. The court
10 shall review the order or decision in accordance with sec-
11 tion 706 of title 5, and chapter 158 and section 2112 of
12 title 28, on the basis of the record before the Commission.

13 **“§ 3664. Enforcement of orders**

14 “The several district courts have jurisdiction specifi-
15 cally to enforce, and to enjoin and restrain the Postal
16 Service from violating, any order issued by the Postal Reg-
17 ulatory Commission.”.

18 **SEC. 206. CLERICAL AMENDMENT.**

19 Chapter 36 of title 39, United States Code, is amend-
20 ed by striking the heading and analysis for such chapter
21 and inserting the following:

“CHAPTER 36—POSTAL RATES, CLASSES, AND SERVICES

**“SUBCHAPTER I—PROVISIONS RELATING TO MARKET-DOMINANT
PRODUCTS**

“Sec.

“3621. Applicability; definitions.

“3622. Modern rate regulation.

“[3623. Repealed.]

“[3624. Repealed.]

- “[3625. Repealed.]
- “3626. Reduced Rates.
- “3627. Adjusting free rates.
- “[3628. Repealed.]
- “3629. Reduced rates for voter registration purposes.

“SUBCHAPTER II—PROVISIONS RELATING TO COMPETITIVE PRODUCTS

- “3631. Applicability; definitions and updates.
- “3632. Action of the Governors.
- “3633. Provisions applicable to rates for competitive products.
- “3634. Assumed Federal income tax on competitive products.

“SUBCHAPTER III—PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS

- “3641. Market tests of experimental products.
- “3642. New products and transfers of products between the market-dominant and competitive categories of mail.

“SUBCHAPTER IV—REPORTING REQUIREMENTS AND RELATED PROVISIONS

- “3651. Annual reports by the Commission.
- “3652. Annual reports to the Commission.
- “3653. Annual determination of compliance.
- “3654. Additional financial reporting.

“SUBCHAPTER V—POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW

- “3661. Postal Services.
- “3662. Rate and service complaints.
- “3663. Appellate review.
- “3664. Enforcement of orders.

“SUBCHAPTER VI—GENERAL

- “3681. Reimbursement.
- “3682. Size and weight limits.
- “3683. Uniform rates for books; films, other materials.
- “3684. Limitations.
- “3685. Filing of information relating to periodical publications.
- “3686. Bonus authority.

“SUBCHAPTER VII—MODERN SERVICE STANDARDS

- “3691. Establishment of modern service standards.”.

1 **TITLE III—MODERN SERVICE**
2 **STANDARDS**

3 **SEC. 301. ESTABLISHMENT OF MODERN SERVICE STAND-**
4 **ARDS.**

5 Chapter 36 of title 39, United States Code, as
6 amended by this Act, is further amended by adding at the
7 end the following:

8 “SUBCHAPTER VII—MODERN SERVICE
9 STANDARDS

10 **“§ 3691. Establishment of modern service standards**

11 “(a) **AUTHORITY GENERALLY.**—Not later than 12
12 months after the date of enactment of this section, the
13 Postal Service shall, in consultation with the Postal Regu-
14 latory Commission, by regulation establish (and may from
15 time to time thereafter by regulation revise) a set of serv-
16 ice standards for market-dominant products.

17 “(b) **OBJECTIVES.**—

18 “(1) **IN GENERAL.**—Such standards shall be de-
19 signed to achieve the following objectives:

20 “(A) To enhance the value of postal serv-
21 ices to both senders and recipients.

22 “(B) To preserve regular and effective ac-
23 cess to postal services in all communities, in-
24 cluding those in rural areas or where post of-
25 fices are not self-sustaining.

1 “(C) To reasonably assure Postal Service
2 customers delivery reliability, speed and fre-
3 quency consistent with reasonable rates and
4 best business practices.

5 “(D) To provide a system of objective ex-
6 ternal performance measurements for each mar-
7 ket-dominant product as a basis for measure-
8 ment of Postal Service performance.

9 “(2) IMPLEMENTATION OF PERFORMANCE
10 MEASUREMENTS.—With respect to paragraph
11 (1)(D), with the approval of the Postal Regulatory
12 Commission an internal measurement system may be
13 implemented instead of an external measurement
14 system.

15 “(c) FACTORS.—In establishing or revising such
16 standards, the Postal Service shall take into account—

17 “(1) the actual level of service that Postal Serv-
18 ice customers receive under any service guidelines
19 previously established by the Postal Service or serv-
20 ice standards established under this section;

21 “(2) the degree of customer satisfaction with
22 Postal Service performance in the acceptance, proc-
23 essing and delivery of mail;

24 “(3) the needs of Postal Service customers, in-
25 cluding those with physical impairments;

1 “(4) mail volume and revenues projected for fu-
2 ture years;

3 “(5) the projected growth in the number of ad-
4 dresses the Postal Service will be required to serve
5 in future years;

6 “(6) the current and projected future cost of
7 serving Postal Service customers;

8 “(7) the effect of changes in technology, demo-
9 graphics, and population distribution on the efficient
10 and reliable operation of the postal delivery system;
11 and

12 “(8) the policies of this title and such other fac-
13 tors as the Postal Service determines appropriate.

14 “(d) REVIEW.—The regulations promulgated pursu-
15 ant to this section (and any revisions thereto), and any
16 violations thereof, shall be subject to review upon com-
17 plaint under sections 3662 and 3663.”.

18 **SEC. 302. POSTAL SERVICE PLAN.**

19 (a) IN GENERAL.—Within 6 months after the estab-
20 lishment of the service standards under section 3691 of
21 title 39, United States Code, as added by this Act, the
22 Postal Service shall, in consultation with the Postal Regu-
23 latory Commission, develop and submit to Congress a plan
24 for meeting those standards.

25 (b) CONTENTS.—The plan under this section shall—

1 (1) establish performance goals;

2 (2) describe any changes to the Postal Service's
3 processing, transportation, delivery, and retail net-
4 works necessary to allow the Postal Service to meet
5 the performance goals;

6 (3) describe any changes to planning and per-
7 formance management documents previously sub-
8 mitted to Congress to reflect new performance goals;
9 and

10 (4) describe the long-term vision of the Postal
11 Service for rationalizing its infrastructure and work-
12 force, and how the Postal Service intends to imple-
13 ment that vision.

14 (c) POSTAL FACILITIES.—

15 (1) FINDINGS.—Congress finds that—

16 (A) the Postal Service has more than 400
17 logistics facilities, separate from its post office
18 network;

19 (B) as noted by the President's Commis-
20 sion on the United States Postal Service, the
21 Postal Service has more facilities than it needs
22 and the streamlining of this distribution net-
23 work can pave the way for the potential consoli-
24 dation of sorting facilities and the elimination
25 of excess costs;

1 (C) the Postal Service has always revised
2 its distribution network to meet changing condi-
3 tions and is best suited to address its oper-
4 ational needs; and

5 (D) Congress strongly encourages the
6 Postal Service to—

7 (i) expeditiously move forward in its
8 streamlining efforts; and

9 (ii) keep unions, management associa-
10 tions, and local elected officials informed
11 as an essential part of this effort and abide
12 by any procedural requirements contained
13 in the national bargaining agreements.

14 (2) IN GENERAL.—The Postal Service plan
15 shall include a description of—

16 (A) the long-term vision of the Postal
17 Service for rationalizing its infrastructure and
18 workforce; and

19 (B) how the Postal Service intends to im-
20 plement that vision.

21 (3) CONTENT OF FACILITIES PLAN.—The plan
22 under this subsection shall include—

23 (A) a strategy for how the Postal Service
24 intends to rationalize the postal facilities net-
25 work and remove excess processing capacity and

1 space from the network, including estimated
2 timeframes, criteria, and processes to be used
3 for making changes to the facilities network,
4 and the process for engaging policy makers and
5 the public in related decisions;

6 (B) a discussion of what impact any facil-
7 ity changes may have on the postal workforce
8 and whether the Postal Service has sufficient
9 flexibility to make needed workforce changes;

10 (C) an identification of anticipated costs,
11 cost savings, and other benefits associated with
12 the infrastructure rationalization alternatives
13 discussed in the plan; and

14 (D) procedures that the Postal Service will
15 use to—

16 (i) provide adequate public notice to
17 communities potentially affected by a pro-
18 posed rationalization decision;

19 (ii) make available information re-
20 garding any service changes in the affected
21 communities, any other effects on cus-
22 tomers, any effects on postal employees,
23 and any cost savings;

1 (iii) afford affected persons ample op-
2 portunity to provide input on the proposed
3 decision; and

4 (iv) take such comments into account
5 in making a final decision.

6 (4) ANNUAL REPORTS.—

7 (A) IN GENERAL.—Not later than 90 days
8 after the end of each fiscal year, the Postal
9 Service shall prepare and submit a report to
10 Congress on how postal decisions have impacted
11 or will impact rationalization plans.

12 (B) CONTENTS.—Each report under this
13 paragraph shall include—

14 (i) an account of actions taken during
15 the preceding fiscal year to improve the ef-
16 ficiency and effectiveness of its processing,
17 transportation, and distribution networks
18 while preserving the timely delivery of
19 postal services, including overall estimated
20 costs and cost savings;

21 (ii) an account of actions taken to
22 identify any excess capacity within its
23 processing, transportation, and distribution
24 networks and implement savings through
25 realignment or consolidation of facilities

1 including overall estimated costs and cost
2 savings;

3 (iii) an estimate of how postal deci-
4 sions related to mail changes, security, au-
5 tomation initiatives, worksharing, informa-
6 tion technology systems, excess capacity,
7 consolidating and closing facilities, and
8 other areas will impact rationalization
9 plans;

10 (iv) identification of any statutory or
11 regulatory obstacles that prevented or will
12 prevent or hinder the Postal Service from
13 taking action to realign or consolidate fa-
14 cilities; and

15 (v) such additional topics and rec-
16 ommendations as the Postal Service con-
17 siders appropriate.

18 (5) EXISTING EFFORTS.—Effective on the date
19 of enactment of this Act, the Postal Service may not
20 close or consolidate any processing or logistics facili-
21 ties without using procedures for public notice and
22 input consistent with those described under para-
23 graph (3)(D).

24 (d) ALTERNATE RETAIL OPTIONS.—The Postal Serv-
25 ice plan shall include plans to expand and market retail

1 access to postal services, in addition to post offices, includ-
2 ing—

3 (1) vending machines;

4 (2) the Internet;

5 (3) postage meters;

6 (4) Stamps by Mail;

7 (5) Postal Service employees on delivery routes;

8 (6) retail facilities in which overhead costs are
9 shared with private businesses and other government
10 agencies;

11 (7) postal kiosks; or

12 (8) any other nonpost office access channel pro-
13 viding market retail access to postal services.

14 (e) REEMPLOYMENT ASSISTANCE AND RETIREMENT
15 BENEFITS.—The Postal Service plan shall include—

16 (1) a comprehensive plan under which reem-
17 ployment assistance shall be afforded to employees
18 displaced as a result of automation of any of its
19 functions, the closing and consolidation of any of its
20 facilities, or such other reasons as the Postal Service
21 may determine; and

22 (2) a plan, developed in consultation with the
23 Office of Personnel Management, to offer early re-
24 tirement benefits.

1 (f) CONTINUED AUTHORITY.—Nothing in this section
 2 shall be construed to prohibit the Postal Service from im-
 3 plementing any change to its processing, transportation,
 4 delivery, and retail networks under any authority granted
 5 to the Postal Service for those purposes.

6 **TITLE IV—PROVISIONS RELAT-** 7 **ING TO FAIR COMPETITION**

8 **SEC. 401. POSTAL SERVICE COMPETITIVE PRODUCTS** 9 **FUND.**

10 (a) PROVISIONS RELATING TO POSTAL SERVICE
 11 COMPETITIVE PRODUCTS FUND AND RELATED MAT-
 12 TERS.—

13 (1) IN GENERAL.—Chapter 20 of title 39,
 14 United States Code, is amended by adding at the
 15 end the following:

16 **“§ 2011. Provisions relating to competitive products**

17 “(a)(1) In this subsection, the term ‘costs attrib-
 18 utable’ has the meaning given such term by section 3631.

19 “(2) There is established in the Treasury of the
 20 United States a revolving fund, to be called the Postal
 21 Service Competitive Products Fund, which shall be avail-
 22 able to the Postal Service without fiscal year limitation
 23 for the payment of—

24 “(A) costs attributable to competitive products;
 25 and

1 “(B) all other costs incurred by the Postal
2 Service, to the extent allocable to competitive prod-
3 ucts.

4 “(b) There shall be deposited in the Competitive
5 Products Fund, subject to withdrawal by the Postal Serv-
6 ice—

7 “(1) revenues from competitive products;

8 “(2) amounts received from obligations issued
9 by Postal Service under subsection (e);

10 “(3) interest and dividends earned on invest-
11 ments of the Competitive Products Fund; and

12 “(4) any other receipts of the Postal Service
13 (including from the sale of assets), to the extent al-
14 locable to competitive products.

15 “(c) If the Postal Service determines that the moneys
16 of the Competitive Products Fund are in excess of current
17 needs, the Postal Service may request the investment of
18 such amounts as the Postal Service determines advisable
19 by the Secretary of the Treasury in obligations of, or obli-
20 gations guaranteed by, the Government of the United
21 States, and, with the approval of the Secretary, in such
22 other obligations or securities as the Postal Service deter-
23 mines appropriate.

24 “(d) With the approval of the Secretary of the Treas-
25 ury, the Postal Service may deposit moneys of the Com-

1 petitive Products Fund in any Federal Reserve bank, any
2 depository for public funds, or in such other places and
3 in such manner as the Postal Service and the Secretary
4 may mutually agree.

5 “(e)(1)(A) Subject to the limitations specified in sec-
6 tion 2005(a), the Postal Service is authorized to borrow
7 money and to issue and sell such obligations as the Postal
8 Service determines necessary to provide for competitive
9 products and deposit such amounts in the Competitive
10 Products Fund.

11 “(B) Subject to paragraph (5), any borrowings by the
12 Postal Service under subparagraph (A) shall be supported
13 and serviced by—

14 “(i) the revenues and receipts from competitive
15 products and the assets related to the provision of
16 competitive products (as determined under sub-
17 section (h)); or

18 “(ii) for purposes of any period before account-
19 ing practices and principles under subsection (h)
20 have been established and applied, the best informa-
21 tion available from the Postal Service, including the
22 audited statements required by section 2008(e).

23 “(2) The Postal Service may enter into binding cov-
24 enants with the holders of such obligations, and with any

1 trustee under any agreement entered into in connection
2 with the issuance of such obligations with respect to—

3 “(A) the establishment of reserve, sinking, and
4 other funds;

5 “(B) application and use of revenues and re-
6 ceipts of the Competitive Products Fund;

7 “(C) stipulations concerning the subsequent
8 issuance of obligations or the execution of leases or
9 lease purchases relating to properties of the Postal
10 Service; and

11 “(D) such other matters as the Postal Service,
12 considers necessary or desirable to enhance the mar-
13 ketability of such obligations.

14 “(3) Obligations issued by the Postal Service under
15 this subsection—

16 “(A) shall be in such forms and denominations;

17 “(B) shall be sold at such times and in such
18 amounts;

19 “(C) shall mature at such time or times;

20 “(D) shall be sold at such prices;

21 “(E) shall bear such rates of interest;

22 “(F) may be redeemable before maturity in
23 such manner, at such times, and at such redemption
24 premiums;

1 “(G) may be entitled to such relative priorities
2 of claim on the assets of the Postal Service with re-
3 spect to principal and interest payments; and

4 “(H) shall be subject to such other terms and
5 conditions,

6 as the Postal Service determines.

7 “(4) Obligations issued by the Postal Service under
8 this subsection—

9 “(A) shall be negotiable or nonnegotiable and
10 bearer or registered instruments, as specified therein
11 and in any indenture or covenant relating thereto;

12 “(B) shall contain a recital that such obliga-
13 tions are issued under this section, and such recital
14 shall be conclusive evidence of the regularity of the
15 issuance and sale of such obligations and of their va-
16 lidity;

17 “(C) shall be lawful investments and may be ac-
18 cepted as security for all fiduciary, trust, and public
19 funds, the investment or deposit of which shall be
20 under the authority or control of any officer or agen-
21 cy of the Government of the United States, and the
22 Secretary of the Treasury or any other officer or
23 agency having authority over or control of any such
24 fiduciary, trust, or public funds, may at any time

1 sell any of the obligations of the Postal Service ac-
2 quired under this section;

3 “(D) shall not be exempt either as to principal
4 or interest from any taxation now or hereafter im-
5 posed by any State or local taxing authority; and

6 “(E) except as provided in section 2006(c),
7 shall not be obligations of, nor shall payment of the
8 principal thereof or interest thereon be guaranteed
9 by, the Government of the United States, and the
10 obligations shall so plainly state.

11 “(5) The Postal Service shall make payments of prin-
12 cipal, or interest, or both on obligations issued under this
13 section out of revenues and receipts from competitive
14 products and assets related to the provision of competitive
15 products (as determined under subsection (h)), or for pur-
16 poses of any period before accounting practices and prin-
17 ciples under subsection (h) have been established and ap-
18 plied, the best information available, including the audited
19 statements required by section 2008(e). For purposes of
20 this subsection, the total assets of the Competitive Prod-
21 ucts Fund shall be the greater of—

22 “(A) the assets related to the provision of com-
23 petitive products as calculated under subsection (h);
24 or

1 “(B) the percentage of total Postal Service rev-
2 enues and receipts from competitive products times
3 the total assets of the Postal Service.

4 “(f) The receipts and disbursements of the Competi-
5 tive Products Fund shall be accorded the same budgetary
6 treatment as is accorded to receipts and disbursements of
7 the Postal Service Fund under section 2009a.

8 “(g) A judgment (or settlement of a claim) against
9 the Postal Service or the Government of the United States
10 shall be paid out of the Competitive Products Fund to the
11 extent that the judgment or claim arises out of activities
12 of the Postal Service in the provision of competitive prod-
13 ucts.

14 “(h)(1)(A) The Secretary of the Treasury, in con-
15 sultation with the Postal Service and an independent, cer-
16 tified public accounting firm and other advisors as the
17 Secretary considers appropriate, shall develop rec-
18 ommendations regarding—

19 “(i) the accounting practices and principles that
20 should be followed by the Postal Service with the ob-
21 jectives of—

22 “(I) identifying and valuing the assets and
23 liabilities of the Postal Service associated with
24 providing competitive products, including the
25 capital and operating costs incurred by the

1 Postal Service in providing such competitive
2 products; and

3 “(II) subject to subsection (e)(5), pre-
4 venting the subsidization of such products by
5 market-dominant products; and

6 “(ii) the substantive and procedural rules that
7 should be followed in determining the assumed Fed-
8 eral income tax on competitive products income of
9 the Postal Service for any year (within the meaning
10 of section 3634).

11 “(B) Not earlier than 6 months after the date of en-
12 actment of this section, and not later than 12 months
13 after such date, the Secretary of the Treasury shall submit
14 the recommendations under subparagraph (A) to the Post-
15 al Regulatory Commission.

16 “(2)(A) Upon receiving the recommendations of the
17 Secretary of the Treasury under paragraph (1), the Com-
18 mission shall give interested parties, including the Postal
19 Service, users of the mails, and an officer of the Commis-
20 sion who shall be required to represent the interests of
21 the general public, an opportunity to present their views
22 on those recommendations through submission of written
23 data, views, or arguments with or without opportunity for
24 oral presentation, or in such other manner as the Commis-
25 sion considers appropriate.

1 “(B)(i) After due consideration of the views and other
2 information received under subparagraph (A), the Com-
3 mission shall by rule—

4 “(I) provide for the establishment and applica-
5 tion of the accounting practices and principles which
6 shall be followed by the Postal Service;

7 “(II) provide for the establishment and applica-
8 tion of the substantive and procedural rules de-
9 scribed under paragraph (1)(A)(ii); and

10 “(III) provide for the submission by the Postal
11 Service to the Postal Regulatory Commission of an-
12 nual and other periodic reports setting forth such in-
13 formation as the Commission may require.

14 “(ii) Final rules under this subparagraph shall be
15 issued not later than 12 months after the date on which
16 recommendations are submitted under paragraph (1) (or
17 by such later date on which the Commission and the Post-
18 al Service may agree). The Commission is authorized to
19 promulgate regulations revising such rules.

20 “(C)(i) Reports described under subparagraph
21 (B)(i)(III) shall be submitted at such time and in such
22 form, and shall include such information, as the Commis-
23 sion by rule requires.

24 “(ii) The Commission may, on its own motion or on
25 request of an interested party, initiate proceedings (to be

1 conducted in accordance with such rules as the Commis-
2 sion shall prescribe) to improve the quality, accuracy, or
3 completeness of Postal Service information under subpara-
4 graph (B)(i)(III) whenever it shall appear that—

5 “(I) the quality of the information furnished in
6 those reports has become significantly inaccurate or
7 can be significantly improved; or

8 “(II) such revisions are, in the judgment of the
9 Commission, otherwise necessitated by the public in-
10 terest.

11 “(D) A copy of each report described under subpara-
12 graph (B)(i)(III) shall be submitted by the Postal Service
13 to the Secretary of the Treasury and the Inspector Gen-
14 eral of the United States Postal Service.

15 “(i)(1) The Postal Service shall submit an annual re-
16 port to the Secretary of the Treasury concerning the oper-
17 ation of the Competitive Products Fund. The report shall
18 address such matters as risk limitations, reserve balances,
19 allocation or distribution of moneys, liquidity require-
20 ments, and measures to safeguard against losses.

21 “(2) A copy of the most recent report submitted
22 under paragraph (1) shall be included in the annual report
23 submitted by the Postal Regulatory Commission under
24 section 3652(g).”.

1 (2) CLERICAL AMENDMENT.—The table of sec-
2 tions for chapter 20 of title 39, United States Code,
3 is amended by adding after the item relating to sec-
4 tion 2010 the following:

“2011. Provisions relating to competitive products.”.

5 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

6 (1) DEFINITION.—Section 2001 of title 39,
7 United States Code, is amended by striking “and”
8 at the end of paragraph (1), by redesignating para-
9 graph (2) as paragraph (3), and by inserting after
10 paragraph (1) the following:

11 “(2) COMPETITIVE PRODUCTS FUND.—The
12 term ‘Competitive Products Fund’ means the Postal
13 Service Competitive Products Fund established by
14 section 2011; and”.

15 (2) CAPITAL OF THE POSTAL SERVICE.—Sec-
16 tion 2002(b) of title 39, United States Code, is
17 amended by striking “Fund,” and inserting “Fund
18 and the balance in the Competitive Products
19 Fund,”.

20 (3) POSTAL SERVICE FUND.—

21 (A) PURPOSES FOR WHICH AVAILABLE.—

22 Section 2003(a) of title 39, United States Code,
23 is amended by striking “title.” and inserting
24 “title (other than any of the purposes, func-

1 tions, or powers for which the Competitive
2 Products Fund is available).”.

3 (B) DEPOSITS.—Section 2003(b) of title
4 39, United States Code, is amended by striking
5 “There” and inserting “Except as otherwise
6 provided in section 2011, there”.

7 (4) RELATIONSHIP BETWEEN THE TREASURY
8 AND THE POSTAL SERVICE.—Section 2006 of title
9 39, United States Code, is amended—

10 (A) in subsection (a), in the first sentence,
11 by inserting “or 2011” after “section 2005”;

12 (B) in subsection (b)—

13 (i) in the first sentence, by inserting
14 “under section 2005” before “in such
15 amounts”; and

16 (ii) in the second sentence, by insert-
17 ing “under section 2005” before “in excess
18 of such amount.”; and

19 (C) in subsection (c), by inserting “or
20 2011(e)(4)(E)” after “section 2005(d)(5)”.

21 **SEC. 402. ASSUMED FEDERAL INCOME TAX ON COMPETI-**
22 **TIVE PRODUCTS INCOME.**

23 Subchapter II of chapter 36 of title 39, United States
24 Code, as amended by section 202, is amended by adding
25 at the end the following:

1 **“§ 3634. Assumed Federal income tax on competitive**
2 **products income**

3 “(a) DEFINITIONS.—For purposes of this section—

4 “(1) the term ‘assumed Federal income tax on
5 competitive products income’ means the net income
6 tax that would be imposed by chapter 1 of the Inter-
7 nal Revenue Code of 1986 on the Postal Service’s
8 assumed taxable income from competitive products
9 for the year; and

10 “(2) the term ‘assumed taxable income from
11 competitive products’, with respect to a year, refers
12 to the amount representing what would be the tax-
13 able income of a corporation under the Internal Rev-
14 enue Code of 1986 for the year, if—

15 “(A) the only activities of such corporation
16 were the activities of the Postal Service allo-
17 cable under section 2011(h) to competitive
18 products; and

19 “(B) the only assets held by such corpora-
20 tion were the assets of the Postal Service allo-
21 cable under section 2011(h) to such activities.

22 “(b) COMPUTATION AND TRANSFER REQUIRE-
23 MENTS.—The Postal Service shall, for each year beginning
24 with the year in which occurs the deadline for the Postal
25 Service’s first report to the Postal Regulatory Commission
26 under section 3652(a)—

1 “(1) compute its assumed Federal income tax
2 on competitive products income for such year; and

3 “(2) transfer from the Competitive Products
4 Fund to the Postal Service Fund the amount of that
5 assumed tax.

6 “(c) DEADLINE FOR TRANSFERS.—Any transfer re-
7 quired to be made under this section for a year shall be
8 due on or before the January 15th next occurring after
9 the close of such year.”.

10 **SEC. 403. UNFAIR COMPETITION PROHIBITED.**

11 (a) SPECIFIC LIMITATIONS.—Chapter 4 of title 39,
12 United States Code, is amended by adding after section
13 404 the following:

14 **“§ 404a. Specific limitations**

15 “(a) Except as specifically authorized by law, the
16 Postal Service may not—

17 “(1) establish any rule or regulation (including
18 any standard) the effect of which is to preclude com-
19 petition or establish the terms of competition unless
20 the Postal Service demonstrates that the regulation
21 does not create an unfair competitive advantage for
22 itself or any entity funded (in whole or in part) by
23 the Postal Service;

24 “(2) compel the disclosure, transfer, or licens-
25 ing of intellectual property to any third party (such

1 as patents, copyrights, trademarks, trade secrets,
2 and proprietary information); or

3 “(3) obtain information from a person that pro-
4 vides (or seeks to provide) any product, and then
5 offer any postal service that uses or is based in
6 whole or in part on such information, without the
7 consent of the person providing that information,
8 unless substantially the same information is obtained
9 (or obtainable) from an independent source or is
10 otherwise obtained (or obtainable).

11 “(b) The Postal Regulatory Commission shall pre-
12 scribe regulations to carry out this section.

13 “(c) Any party (including an officer of the Commis-
14 sion representing the interests of the general public) who
15 believes that the Postal Service has violated this section
16 may bring a complaint in accordance with section 3662.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) GENERAL POWERS.—Section 401 of title
19 39, United States Code, is amended by striking
20 “The” and inserting “Subject to the provisions of
21 section 404a, the”.

22 (2) SPECIFIC POWERS.—Section 404(a) of title
23 39, United States Code, is amended by striking
24 “Without” and inserting “Subject to the provisions
25 of section 404a, but otherwise without”.

1 (c) CLERICAL AMENDMENT.—The analysis for chap-
 2 ter 4 of title 39, United States Code, is amended by insert-
 3 ing after the item relating to section 404 the following:
 “404a. Specific limitations.”.

4 **SEC. 404. SUITS BY AND AGAINST THE POSTAL SERVICE.**

5 (a) IN GENERAL.—Section 409 of title 39, United
 6 States Code, is amended by striking subsections (d) and
 7 (e) and inserting the following:

8 “(d)(1) For purposes of the provisions of law cited
 9 in paragraphs (2)(A) and (2)(B), respectively, the Postal
 10 Service—

11 “(A) shall be considered to be a ‘person’, as
 12 used in the provisions of law involved; and

13 “(B) shall not be immune under any other doc-
 14 trine of sovereign immunity from suit in Federal
 15 court by any person for any violation of any of those
 16 provisions of law by any officer or employee of the
 17 Postal Service.

18 “(2) This subsection applies with respect to—

19 “(A) the Act of July 5, 1946 (commonly re-
 20 ferred to as the ‘Trademark Act of 1946’ (15 U.S.C.
 21 1051 and following)); and

22 “(B) the provisions of section 5 of the Federal
 23 Trade Commission Act to the extent that such sec-
 24 tion 5 applies to unfair or deceptive acts or prac-
 25 tices.

1 “(e)(1) To the extent that the Postal Service, or other
2 Federal agency acting on behalf of or in concert with the
3 Postal Service, engages in conduct with respect to any
4 product which is not reserved to the United States under
5 section 1696 of title 18, the Postal Service or other Fed-
6 eral agency (as the case may be)—

7 “(A) shall not be immune under any doctrine of
8 sovereign immunity from suit in Federal court by
9 any person for any violation of Federal law by such
10 agency or any officer or employee thereof; and

11 “(B) shall be considered to be a person (as de-
12 fined in subsection (a) of the first section of the
13 Clayton Act) for purposes of—

14 “(i) the antitrust laws (as defined in such
15 subsection); and

16 “(ii) section 5 of the Federal Trade Com-
17 mission Act to the extent that such section 5
18 applies to unfair methods of competition.

19 For purposes of the preceding sentence, any private car-
20 riage of mail allowable by virtue of section 601 shall not
21 be considered a service reserved to the United States
22 under section 1696 of title 18.

23 “(2) No damages, interest on damages, costs or at-
24 torney’s fees may be recovered, and no criminal liability
25 may be imposed, under the antitrust laws (as so defined)

1 from any officer or employee of the Postal Service, or
2 other Federal agency acting on behalf of or in concert with
3 the Postal Service, acting in an official capacity.

4 “(3) This subsection shall not apply with respect to
5 conduct occurring before the date of enactment of this
6 subsection.

7 “(f)(1) Each building constructed or altered by the
8 Postal Service shall be constructed or altered, to the max-
9 imum extent feasible as determined by the Postal Service,
10 in compliance with 1 of the nationally recognized model
11 building codes and with other applicable nationally recog-
12 nized codes.

13 “(2) Each building constructed or altered by the
14 Postal Service shall be constructed or altered only after
15 consideration of all requirements (other than procedural
16 requirements) of zoning laws, land use laws, and applica-
17 ble environmental laws of a State or subdivision of a State
18 which would apply to the building if it were not a building
19 constructed or altered by an establishment of the Govern-
20 ment of the United States.

21 “(3) For purposes of meeting the requirements of
22 paragraphs (1) and (2) with respect to a building, the
23 Postal Service shall—

24 “(A) in preparing plans for the building, con-
25 sult with appropriate officials of the State or polit-

1 ical subdivision, or both, in which the building will
2 be located;

3 “(B) upon request, submit such plans in a
4 timely manner to such officials for review by such
5 officials for a reasonable period of time not exceed-
6 ing 30 days; and

7 “(C) permit inspection by such officials during
8 construction or alteration of the building, in accord-
9 ance with the customary schedule of inspections for
10 construction or alteration of buildings in the locality,
11 if such officials provide to the Postal Service—

12 “(i) a copy of such schedule before con-
13 struction of the building is begun; and

14 “(ii) reasonable notice of their intention to
15 conduct any inspection before conducting such
16 inspection.

17 Nothing in this subsection shall impose an obligation
18 on any State or political subdivision to take any ac-
19 tion under the preceding sentence, nor shall any-
20 thing in this subsection require the Postal Service or
21 any of its contractors to pay for any action taken by
22 a State or political subdivision to carry out this sub-
23 section (including reviewing plans, carrying out on-
24 site inspections, issuing building permits, and mak-
25 ing recommendations).

1 “(4) Appropriate officials of a State or a political
2 subdivision of a State may make recommendations to the
3 Postal Service concerning measures necessary to meet the
4 requirements of paragraphs (1) and (2). Such officials
5 may also make recommendations to the Postal Service
6 concerning measures which should be taken in the con-
7 struction or alteration of the building to take into account
8 local conditions. The Postal Service shall give due consid-
9 eration to any such recommendations.

10 “(5) In addition to consulting with local and State
11 officials under paragraph (3), the Postal Service shall es-
12 tablish procedures for soliciting, assessing, and incor-
13 porating local community input on real property and land
14 use decisions.

15 “(6) For purposes of this subsection, the term ‘State’
16 includes the District of Columbia, the Commonwealth of
17 Puerto Rico, and a territory or possession of the United
18 States.

19 “(h)(1) Notwithstanding any other provision of law,
20 legal representation may not be furnished by the Depart-
21 ment of Justice to the Postal Service in any action, suit,
22 or proceeding arising, in whole or in part, under any of
23 the following:

24 “(A) Subsection (d) or (e) of this section.

1 “(B) Subsection (f) or (g) of section 504 (relat-
2 ing to administrative subpoenas by the Postal Regu-
3 latory Commission).

4 “(C) Section 3663 (relating to appellate re-
5 view).

6 The Postal Service may, by contract or otherwise, employ
7 attorneys to obtain any legal representation that it is pre-
8 cluded from obtaining from the Department of Justice
9 under this paragraph.

10 “(2) In any circumstance not covered by paragraph
11 (1), the Department of Justice shall, under section 411,
12 furnish the Postal Service such legal representation as it
13 may require, except that, with the prior consent of the
14 Attorney General, the Postal Service may, in any such cir-
15 cumstance, employ attorneys by contract or otherwise to
16 conduct litigation brought by or against the Postal Service
17 or its officers or employees in matters affecting the Postal
18 Service.

19 “(3)(A) In any action, suit, or proceeding in a court
20 of the United States arising in whole or in part under any
21 of the provisions of law referred to in subparagraph (B)
22 or (C) of paragraph (1), and to which the Commission
23 is not otherwise a party, the Commission shall be per-
24 mitted to appear as a party on its own motion and as
25 of right.

1 “(B) The Department of Justice shall, under such
 2 terms and conditions as the Commission and the Attorney
 3 General shall consider appropriate, furnish the Commis-
 4 sion such legal representation as it may require in connec-
 5 tion with any such action, suit, or proceeding, except that,
 6 with the prior consent of the Attorney General, the Com-
 7 mission may employ attorneys by contract or otherwise for
 8 that purpose.

9 “(i) A judgment against the Government of the
 10 United States arising out of activities of the Postal Service
 11 shall be paid by the Postal Service out of any funds avail-
 12 able to the Postal Service, subject to the restriction speci-
 13 fied in section 2011(g).”.

14 (b) TECHNICAL AMENDMENT.—Section 409(a) of
 15 title 39, United States Code, is amended by striking “Ex-
 16 cept as provided in section 3628 of this title,” and insert-
 17 ing “Except as otherwise provided in this title,”.

18 **SEC. 405. INTERNATIONAL POSTAL ARRANGEMENTS.**

19 (a) IN GENERAL.—Section 407 of title 39, United
 20 States Code, is amended to read as follows:

21 **“§ 407. International postal arrangements**

22 “(a) It is the policy of the United States—

23 “(1) to promote and encourage communications
 24 between peoples by efficient operation of inter-
 25 national postal services and other international deliv-

1 ery services for cultural, social, and economic pur-
2 poses;

3 “(2) to promote and encourage unrestricted and
4 undistorted competition in the provision of inter-
5 national postal services and other international deliv-
6 ery services, except where provision of such services
7 by private companies may be prohibited by law of
8 the United States;

9 “(3) to promote and encourage a clear distinc-
10 tion between governmental and operational respon-
11 sibilities with respect to the provision of inter-
12 national postal services and other international deliv-
13 ery services by the Government of the United States
14 and by intergovernmental organizations of which the
15 United States is a member; and

16 “(4) to participate in multilateral and bilateral
17 agreements with other countries to accomplish these
18 objectives.

19 “(b)(1) The Secretary of State shall be responsible
20 for formulation, coordination, and oversight of foreign pol-
21 icy related to international postal services and other inter-
22 national delivery services and shall have the power to con-
23 clude postal treaties, conventions, and amendments re-
24 lated to international postal services and other inter-
25 national delivery services, except that the Secretary may

1 not conclude any treaty, convention, or other international
2 agreement (including those regulating international postal
3 services) if such treaty, convention, or agreement would,
4 with respect to any competitive product, grant an undue
5 or unreasonable preference to the Postal Service, a private
6 provider of international postal or delivery services, or any
7 other person.

8 “(2) In carrying out the responsibilities specified in
9 paragraph (1), the Secretary of State shall exercise pri-
10 mary authority for the conduct of foreign policy with re-
11 spect to international postal services and international de-
12 livery services, including the determination of United
13 States positions and the conduct of United States partici-
14 pation in negotiations with foreign governments and inter-
15 national bodies. In exercising this authority, the Sec-
16 retary—

17 “(A) shall coordinate with other agencies as ap-
18 propriate, and in particular, shall give full consider-
19 ation to the authority vested by law or Executive
20 order in the Postal Regulatory Commission, the De-
21 partment of Commerce, the Department of Trans-
22 portation, and the Office of the United States Trade
23 Representative in this area;

1 “(B) shall maintain continuing liaison with
2 other executive branch agencies concerned with post-
3 al and delivery services;

4 “(C) shall maintain continuing liaison with the
5 Committee on Homeland Security and Governmental
6 Affairs of the Senate and the Committee on Govern-
7 ment Reform of the House of Representatives;

8 “(D) shall maintain appropriate liaison with
9 both representatives of the Postal Service and rep-
10 resentatives of users and private providers of inter-
11 national postal services and other international deliv-
12 ery services to keep informed of their interests and
13 problems, and to provide such assistance as may be
14 needed to ensure that matters of concern are
15 promptly considered by the Department of State or
16 (if applicable, and to the extent practicable) other
17 executive branch agencies; and

18 “(E) shall assist in arranging meetings of such
19 public sector advisory groups as may be established
20 to advise the Department of State and other execu-
21 tive branch agencies in connection with international
22 postal services and international delivery services.

23 “(3) The Secretary of State shall establish an advi-
24 sory committee (within the meaning of the Federal Advi-
25 sory Committee Act) to perform such functions as the Sec-

1 retary considers appropriate in connection with carrying
2 out subparagraphs (A) through (D) of paragraph (2).

3 “(c)(1) Before concluding any treaty, convention, or
4 amendment that establishes a rate or classification for a
5 product subject to subchapter I of chapter 36, the Sec-
6 retary of State shall request the Postal Regulatory Com-
7 mission to submit its views on whether such rate or classi-
8 fication is consistent with the standards and criteria estab-
9 lished by the Commission under section 3622.

10 “(2) The Secretary shall ensure that each treaty, con-
11 vention, or amendment concluded under subsection (b) is
12 consistent with the views submitted by the Commission
13 pursuant to paragraph (1), except if, or to the extent, the
14 Secretary determines, in writing, that it is not in the for-
15 eign policy or national security interest of the United
16 States to ensure consistency with the Commission’s views.
17 Such written determination shall be provided to the Com-
18 mission together with a full explanation of the reasons
19 thereof, provided that the Secretary may designate which
20 portions of the determination or explanation shall be kept
21 confidential for reasons of foreign policy or national secu-
22 rity.

23 “(d) Nothing in this section shall be considered to
24 prevent the Postal Service from entering into such com-
25 mercial or operational contracts related to providing inter-

1 national postal services and other international delivery
2 services as it deems appropriate, except that—

3 “(1) any such contract made with an agency of
4 a foreign government (whether under authority of
5 this subsection or otherwise) shall be solely contrac-
6 tual in nature and may not purport to be inter-
7 national law; and

8 “(2) a copy of each such contract between the
9 Postal Service and an agency of a foreign govern-
10 ment shall be transmitted to the Secretary of State
11 and the Postal Regulatory Commission not later
12 than the effective date of such contract.

13 “(e)(1) In this subsection, the term ‘private company’
14 means a private company substantially owned or con-
15 trolled by persons who are citizens of the United States.

16 “(2) With respect to shipments of international mail
17 that are competitive products within the meaning of sec-
18 tion 3631 that are exported or imported by the Postal
19 Service, the Customs Service and other appropriate Fed-
20 eral agencies shall apply the customs laws of the United
21 States and all other laws relating to the importation or
22 exportation of such shipments in the same manner to both
23 shipments by the Postal Service and similar shipments by
24 private companies.

1 “(3) In exercising the authority under subsection (b)
2 to conclude new postal treaties and conventions related to
3 international postal services and to renegotiate such trea-
4 ties and conventions, the Secretary of State shall, to the
5 maximum extent practicable, take such measures as are
6 within the Secretary’s control to encourage the govern-
7 ments of other countries to make available to the Postal
8 Service and private companies a range of nondiscrim-
9 inatory customs procedures that will fully meet the needs
10 of all types of American shippers. The Secretary of State
11 shall consult with the United States Trade Representative
12 and the Commissioner of Customs in carrying out this
13 paragraph.

14 “(4) The provisions of this subsection shall take ef-
15 fect 6 months after the date of enactment of this sub-
16 section or such earlier date as the Bureau of Customs and
17 Border Protection of the Department of Homeland Secu-
18 rity may determine in writing.”.

19 (b) EFFECTIVE DATE.—Notwithstanding any provi-
20 sion of the amendment made by subsection (a), the au-
21 thority of the United States Postal Service to establish
22 the rates of postage or other charges on mail matter con-
23 veyed between the United States and other countries shall
24 remain available to the Postal Service until—

(1) with respect to market-dominant products, the date as of which the regulations promulgated under section 3622 of title 39, United States Code (as amended by section 201(a)) take effect; and

(2) with respect to competitive products, the date as of which the regulations promulgated under section 3633 of title 39, United States Code (as amended by section 202) take effect.

TITLE V—GENERAL PROVISIONS

SEC. 501. QUALIFICATION AND TERM REQUIREMENTS FOR GOVERNORS.

(a) QUALIFICATIONS.—

(1) IN GENERAL.—Section 202(a) of title 39, United States Code, is amended by striking “(a)” and inserting “(a)(1)” and by striking the fourth sentence and inserting the following: “The Governors shall represent the public interest generally, and shall be chosen solely on the basis of their experience in the field of public service, law or accounting or on their demonstrated ability in managing organizations or corporations (in either the public or private sector) of substantial size; except that at least 4 of the Governors shall be chosen solely on the basis of their demonstrated ability in managing organizations or corporations (in either the public or

1 private sector) that employ at least 50,000 employ-
2 ees. The Governors shall not be representatives of
3 specific interests using the Postal Service, and may
4 be removed only for cause.”.

5 (2) APPLICABILITY.—The amendment made by
6 paragraph (1) shall not affect the appointment or
7 tenure of any person serving as a Governor of the
8 United States Postal Service under an appointment
9 made before the date of enactment of this Act how-
10 ever, when any such office becomes vacant, the ap-
11 pointment of any person to fill that office shall be
12 made in accordance with such amendment. The re-
13 quirement set forth in the fourth sentence of section
14 202(a)(1) of title 39, United States Code (as amend-
15 ed by subsection (a)) shall be met beginning not
16 later than 9 years after the date of enactment of
17 this Act.

18 (b) CONSULTATION REQUIREMENT.—Section 202(a)
19 of title 39, United States Code, is amended by adding at
20 the end the following:

21 “(2) In selecting the individuals described in para-
22 graph (1) for nomination for appointment to the position
23 of Governor, the President should consult with the Speak-
24 er of the House of Representatives, the minority leader

1 of the House of Representatives, the majority leader of
2 the Senate, and the minority leader of the Senate.”.

3 (c) 7-YEAR TERMS.—

4 (1) IN GENERAL.—Section 202(b) of title 39,
5 United States code, is amended in the first sentence
6 by striking “9 years” and inserting “7 years”.

7 (2) APPLICABILITY.—

8 (A) CONTINUATION BY INCUMBENTS.—

9 The amendment made by paragraph (1) shall
10 not affect the tenure of any person serving as
11 a Governor of the United States Postal Service
12 on the date of enactment of this Act and such
13 person may continue to serve the remainder of
14 the applicable term.

15 (B) VACANCY BY INCUMBENT BEFORE 7
16 YEARS OF SERVICE.—If a person who is serving
17 as a Governor of the United States Postal Serv-
18 ice on the date of enactment of this Act resigns,
19 is removed, or dies before the expiration of the
20 9-year term of that Governor, and that Gov-
21 ernor has served less than 7 years of that term,
22 the resulting vacancy in office shall be treated
23 as a vacancy in a 7-year term.

24 (C) VACANCY BY INCUMBENT AFTER 7
25 YEARS OF SERVICE.—If a person who is serving

1 as a Governor of the United States Postal Serv-
2 ice on the date of enactment of this Act resigns,
3 is removed, or dies before the expiration of the
4 9-year term of that Governor, and that Gov-
5 ernor has served 7 years or more of that term,
6 that term shall be deemed to have been a 7-year
7 term beginning on its commencement date for
8 purposes of determining vacancies in office. Any
9 appointment to the vacant office shall be for a
10 7-year term beginning at the end of the original
11 9-year term determined without regard to the
12 deeming under the preceding sentence. Nothing
13 in this subparagraph shall be construed to af-
14 fect any action or authority of any Governor or
15 the Board of Governors during any portion of
16 a 9-year term deemed to be 7-year term under
17 this subparagraph.

18 (d) TERM LIMITATION.—

19 (1) IN GENERAL.—Section 202(b) of title 39,
20 United States Code, is amended—

21 (A) by inserting “(1)” after “(b)”; and

22 (B) by adding at the end the following:

23 “(2) No person may serve more than 2 terms
24 as a Governor.”.

1 (2) APPLICABILITY.—The amendments made
2 by paragraph (1) shall not affect the tenure of any
3 person serving as a Governor of the United States
4 Postal Service on the date of enactment of this Act
5 with respect to the term which that person is serving
6 on that date. Such person may continue to serve the
7 remainder of the applicable term, after which the
8 amendments made by paragraph (1) shall apply.

9 **SEC. 502. OBLIGATIONS.**

10 (a) PURPOSES FOR WHICH OBLIGATIONS MAY BE
11 ISSUED.—The first sentence of section 2005(a)(1) of title
12 39, United States Code, is amended by striking “title.”
13 and inserting “title, other than any of the purposes for
14 which the corresponding authority is available to the Post-
15 al Service under section 2011.”.

16 (b) LIMITATION ON NET ANNUAL INCREASE IN OB-
17 LIGATIONS ISSUED FOR CERTAIN PURPOSES.—The third
18 sentence of section 2005(a)(1) of title 39, United States
19 Code, is amended to read as follows: “In any one fiscal
20 year, the net increase in the amount of obligations out-
21 standing issued for the purpose of capital improvements
22 and the net increase in the amount of obligations out-
23 standing issued for the purpose of defraying operating ex-
24 penses of the Postal Service shall not exceed a combined
25 total of \$3,000,000,000.”.

1 (c) LIMITATIONS ON OBLIGATIONS OUTSTANDING.—

2 (1) IN GENERAL.—Subsection (a) of section
3 2005 of title 39, United States Code, is amended by
4 adding at the end the following:

5 “(3) For purposes of applying the respective limita-
6 tions under this subsection, the aggregate amount of obli-
7 gations issued by the Postal Service which are outstanding
8 as of any one time, and the net increase in the amount
9 of obligations outstanding issued by the Postal Service for
10 the purpose of capital improvements or for the purpose
11 of defraying operating expenses of the Postal Service in
12 any fiscal year, shall be determined by aggregating the
13 relevant obligations issued by the Postal Service under this
14 section with the relevant obligations issued by the Postal
15 Service under section 2011.”.

16 (2) CONFORMING AMENDMENT.—The second
17 sentence of section 2005(a)(1) of title 39, United
18 States Code, is amended by striking “any such obli-
19 gations” and inserting “obligations issued by the
20 Postal Service which may be”.

21 (d) AMOUNTS WHICH MAY BE PLEDGED.—

22 (1) OBLIGATIONS TO WHICH PROVISIONS
23 APPLY.—The first sentence of section 2005(b) of
24 title 39, United States Code, is amended by striking

1 “such obligations,” and inserting “obligations issued
2 by the Postal Service under this section,”.

3 (2) ASSETS, REVENUES, AND RECEIPTS TO
4 WHICH PROVISIONS APPLY.—Subsection (b) of sec-
5 tion 2005 of title 39, United States Code, is amend-
6 ed by striking “(b)” and inserting “(b)(1)”, and by
7 adding at the end the following:

8 “(2) Notwithstanding any other provision of this sec-
9 tion—

10 “(A) the authority to pledge assets of the Post-
11 al Service under this subsection shall be available
12 only to the extent that such assets are not related
13 to the provision of competitive products (as deter-
14 mined under section 2011(h) or, for purposes of any
15 period before accounting practices and principles
16 under section 2011(h) have been established and ap-
17 plied, the best information available from the Postal
18 Service, including the audited statements required
19 by section 2008(e)); and

20 “(B) any authority under this subsection relat-
21 ing to the pledging or other use of revenues or re-
22 cepts of the Postal Service shall be available only to
23 the extent that they are not revenues or receipts of
24 the Competitive Products Fund.”.

1 **SEC. 503. PRIVATE CARRIAGE OF LETTERS.**

2 (a) IN GENERAL.—Section 601 of title 39, United
3 States Code, is amended by striking subsection (b) and
4 inserting the following:

5 “(b) A letter may also be carried out of the mails
6 when—

7 “(1) the amount paid for the private carriage of
8 the letter is at least the amount equal to 6 times the
9 rate then currently charged for the 1st ounce of a
10 single-piece first class letter;

11 “(2) the letter weighs at least 12½ ounces; or

12 “(3) such carriage is within the scope of serv-
13 ices described by regulations of the United States
14 Postal Service (including, in particular, sections
15 310.1 and 320.2–320.8 of title 39 of the Code of
16 Federal Regulations, as in effect on July 1, 2005)
17 that purport to permit private carriage by suspen-
18 sion of the operation of this section (as then in ef-
19 fect).

20 “(c) Any regulations necessary to carry out this sec-
21 tion shall be promulgated by the Postal Regulatory Com-
22 mission.”.

23 (b) EFFECTIVE DATE.—This section shall take effect
24 on the date as of which the regulations promulgated under
25 section 3633 of title 39, United States Code (as amended
26 by section 202) take effect.

1 **SEC. 504. RULEMAKING AUTHORITY.**

2 Paragraph (2) of section 401 of title 39, United
3 States Code, is amended to read as follows:

4 “(2) to adopt, amend, and repeal such rules
5 and regulations, not inconsistent with this title, as
6 may be necessary in the execution of its functions
7 under this title and such other functions as may be
8 assigned to the Postal Service under any provisions
9 of law outside of this title;”.

10 **SEC. 505. NONINTERFERENCE WITH COLLECTIVE BAR-**
11 **GAINING AGREEMENTS.**

12 (a) **LABOR DISPUTES.**—Section 1207 of title 39,
13 United States Code, is amended to read as follows:

14 **“§ 1207. Labor disputes**

15 “(a) If there is a collective-bargaining agreement in
16 effect, no party to such agreement shall terminate or mod-
17 ify such agreement unless the party desiring such termi-
18 nation or modification serves written notice upon the other
19 party to the agreement of the proposed termination or
20 modification not less than 90 days prior to the expiration
21 date thereof, or not less than 90 days prior to the time
22 it is proposed to make such termination or modification.
23 The party serving such notice shall notify the Federal Me-
24 diation and Conciliation Service of the existence of a dis-
25 pute within 45 days after such notice, if no agreement has
26 been reached by that time.

1 “(b) If the parties fail to reach agreement or to adopt
2 a procedure providing for a binding resolution of a dispute
3 by the expiration date of the agreement in effect, or the
4 date of the proposed termination or modification, the Di-
5 rector of the Federal Mediation and Conciliation Service
6 shall within 10 days appoint a mediator of nationwide rep-
7 utation and professional stature, and who is also a mem-
8 ber of the National Academy of Arbitrators. The parties
9 shall cooperate with the mediator in an effort to reach an
10 agreement and shall meet and negotiate in good faith at
11 such times and places that the mediator, in consultation
12 with the parties, shall direct.

13 “(c)(1) If no agreement is reached within 60 days
14 after the expiration or termination of the agreement or
15 the date on which the agreement became subject to modi-
16 fication under subsection (a) of this section, or if the par-
17 ties decide upon arbitration but do not agree upon the pro-
18 cedures therefore, an arbitration board shall be established
19 consisting of 3 members, 1 of whom shall be selected by
20 the Postal Service, 1 by the bargaining representative of
21 the employees, and the third by the 2 thus selected. If
22 either of the parties fails to select a member, or if the
23 members chosen by the parties fail to agree on the third
24 person within 5 days after their first meeting, the selection
25 shall be made from a list of names provided by the Direc-

1 tor. This list shall consist of not less than 9 names of arbi-
2 trators of nationwide reputation and professional nature,
3 who are also members of the National Academy of Arbi-
4 trators, and whom the Director has determined are avail-
5 able and willing to serve.

6 “(2) The arbitration board shall give the parties a
7 full and fair hearing, including an opportunity to present
8 evidence in support of their claims, and an opportunity
9 to present their case in person, by counsel or by other rep-
10 resentative as they may elect. Decisions of the arbitration
11 board shall be conclusive and binding upon the parties.
12 The arbitration board shall render its decision within 45
13 days after its appointment.

14 “(3) Costs of the arbitration board and mediation
15 shall be shared equally by the Postal Service and the bar-
16 gaining representative.

17 “(d) In the case of a bargaining unit whose recog-
18 nized collective-bargaining representative does not have an
19 agreement with the Postal Service, if the parties fail to
20 reach the agreement within 90 days after the commence-
21 ment of collective bargaining, a mediator shall be ap-
22 pointed in accordance with the terms in subsection (b) of
23 this section, unless the parties have previously agreed to
24 another procedure for a binding resolution of their dif-
25 ferences. If the parties fail to reach agreement within 180

1 days after the commencement of collective bargaining, and
2 if they have not agreed to another procedure for binding
3 resolution, an arbitration board shall be established to pro-
4 vide conclusive and binding arbitration in accordance with
5 the terms of subsection (c) of this section.”.

6 (b) NONINTERFERENCE WITH COLLECTIVE BAR-
7 GAINING AGREEMENTS.—Except as otherwise provided by
8 the amendment made by subsection (a), nothing in this
9 Act shall restrict, expand, or otherwise affect any of the
10 rights, privileges, or benefits of either employees of or
11 labor organizations representing employees of the United
12 States Postal Service under chapter 12 of title 39, United
13 States Code, the National Labor Relations Act, any hand-
14 book or manual affecting employee labor relations within
15 the United States Postal Service, or any collective bar-
16 gaining agreement.

17 (c) FREE MAILING PRIVILEGES CONTINUE UN-
18 CHANGED.—Nothing in this Act or any amendment made
19 by this Act shall affect any free mailing privileges ac-
20 corded under section 3217 or sections 3403 through 3406
21 of title 39, United States Code.

22 **SEC. 506. BONUS AUTHORITY.**

23 Chapter 36 of title 39, United States Code, is amend-
24 ed by inserting after section 3685 the following:

1 **“§ 3686. Bonus authority**

2 “(a) IN GENERAL.—The Postal Service may establish
3 1 or more programs to provide bonuses or other rewards
4 to officers and employees of the Postal Service in senior
5 executive or equivalent positions to achieve the objectives
6 of this chapter.

7 “(b) LIMITATION ON TOTAL COMPENSATION.—

8 “(1) IN GENERAL.—Under any such program,
9 the Postal Service may award a bonus or other re-
10 ward in excess of the limitation set forth in the last
11 sentence of section 1003(a), if such program has
12 been approved under paragraph (2). Any such award
13 or bonus may not cause the total compensation of
14 such officer or employee to exceed the total annual
15 compensation payable to the Vice President under
16 section 104 of title 3 as of the end of the calendar
17 year in which the bonus or award is paid.

18 “(2) APPROVAL PROCESS.—If the Postal Serv-
19 ice wishes to have the authority, under any program
20 described in subsection (a), to award bonuses or
21 other rewards in excess of the limitation set forth in
22 the last sentence of section 1003(a)—

23 “(A) the Postal Service shall make an ap-
24 propriate request to the Board of Governors of
25 the Postal Service in such form and manner as
26 the Board requires; and

1 “(B) the Board of Governors shall approve
2 any such request if the Board certifies, for the
3 annual appraisal period involved, that the per-
4 formance appraisal system for affected officers
5 and employees of the Postal Service (as de-
6 signed and applied) makes meaningful distinc-
7 tions based on relative performance.

8 “(3) REVOCATION AUTHORITY.—If the Board
9 of Governors of the Postal Service finds that a per-
10 formance appraisal system previously approved
11 under paragraph (2)(B) does not (as designed and
12 applied) make meaningful distinctions based on rel-
13 ative performance, the Board may revoke or suspend
14 the authority of the Postal Service to continue a pro-
15 gram approved under paragraph (2) until such time
16 as appropriate corrective measures have, in the judg-
17 ment of the Board, been taken.

18 “(c) EXCEPTIONS FOR CRITICAL POSITIONS.—Not-
19 withstanding any other provision of law, the Board of Gov-
20 ernors may allow up to 12 officers or employees of the
21 Postal Service in critical senior executive or equivalent po-
22 sitions to receive total compensation in an amount not to
23 exceed 120 percent of the total annual compensation pay-
24 able to the Vice President under section 104 of title 3 as
25 of the end of the calendar year in which such payment

1 is received. For each exception made under this sub-
2 section, the Board shall provide written notification to the
3 Director of the Office of Personnel Management and the
4 Congress within 30 days after the payment is made setting
5 forth the name of the officer or employee involved, the
6 critical nature of his or her duties and responsibilities, and
7 the basis for determining that such payment is warranted.

8 “(d) INFORMATION FOR INCLUSION IN COMPREHEN-
9 SIVE STATEMENT.—Included in its comprehensive state-
10 ment under section 2401(e) for any period shall be—

11 “(1) the name of each person receiving a bonus
12 or other payment during such period which would
13 not have been allowable but for the provisions of
14 subsection (b) or (c);

15 “(2) the amount of the bonus or other payment;
16 and

17 “(3) the amount by which the limitation set
18 forth in the last sentence of section 1003(a) was ex-
19 ceeded as a result of such bonus or other payment.

20 “(e) REGULATIONS.—The Board of Governors may
21 prescribe regulations for the administration of this sec-
22 tion.”.

1 **TITLE VI—ENHANCED**
 2 **REGULATORY COMMISSION**

3 **SEC. 601. REORGANIZATION AND MODIFICATION OF CER-**
 4 **TAIN PROVISIONS RELATING TO THE POSTAL**
 5 **REGULATORY COMMISSION.**

6 (a) TRANSFER AND REDESIGNATION.—Title 39,
 7 United States Code, is amended—

8 (1) by inserting after chapter 4 the following:

9 **“CHAPTER 5—POSTAL REGULATORY**
 10 **COMMISSION**

“Sec.

“501. Establishment.

“502. Commissioners.

“503. Rules; regulations; procedures.

“504. Administration.

“505. Officer of the Postal Regulatory Commission representing the general
 public.

11 **“§ 501. Establishment**

12 “The Postal Regulatory Commission is an inde-
 13 pendent establishment of the executive branch of the Gov-
 14 ernment of the United States.

15 **“§ 502. Commissioners**

16 “(a) The Postal Regulatory Commission is composed
 17 of 5 Commissioners, appointed by the President, by and
 18 with the advice and consent of the Senate. The Commis-
 19 sioners shall be chosen solely on the basis of their technical
 20 qualifications, professional standing, and demonstrated
 21 expertise in economics, accounting, law, or public adminis-
 22 tration, and may be removed by the President only for

1 cause. Each individual appointed to the Commission shall
2 have the qualifications and expertise necessary to carry
3 out the enhanced responsibilities accorded Commissioners
4 under the Postal Accountability and Enhancement Act.
5 Not more than 3 of the Commissioners may be adherents
6 of the same political party.

7 “(b) No Commissioner shall be financially interested
8 in any enterprise in the private sector of the economy en-
9 gaged in the delivery of mail matter.

10 “(c) A Commissioner may continue to serve after the
11 expiration of his term until his successor has qualified,
12 except that a Commissioner may not so continue to serve
13 for more than 1 year after the date upon which his term
14 otherwise would expire under subsection (f).

15 “(d) One of the Commissioners shall be designated
16 as Chairman by, and shall serve in the position of Chair-
17 man at the pleasure of, the President.

18 “(e) The Commissioners shall by majority vote des-
19 ignate a Vice Chairman of the Commission. The Vice
20 Chairman shall act as Chairman of the Commission in the
21 absence of the Chairman.

22 “(f) The Commissioners shall serve for terms of 6
23 years.”;

24 (2) by striking, in subchapter I of chapter 36
25 (as in effect before the amendment made by section

1 201(c)), the heading for such subchapter I and all
2 that follows through section 3602;

3 (3) by redesignating sections 3603 and 3604 as
4 sections 503 and 504, respectively, and transferring
5 such sections to the end of chapter 5 (as inserted by
6 paragraph (1)); and

7 (4) by adding after such section 504 the fol-
8 lowing:

9 **“§ 505. Officer of the Postal Regulatory Commission**
10 **representing the general public**

11 “The Postal Regulatory Commission shall designate
12 an officer of the Postal Regulatory Commission in all pub-
13 lic proceedings (such as developing rules, regulations, and
14 procedures) who shall represent the interests of the gen-
15 eral public.”.

16 (b) APPLICABILITY.—The amendment made by sub-
17 section (a)(1) shall not affect the appointment or tenure
18 of any person serving as a Commissioner on the Postal
19 Regulatory Commission (as so redesignated by section
20 604) under an appointment made before the date of enact-
21 ment of this Act or any nomination made before that date,
22 but, when any such office becomes vacant, the appoint-
23 ment of any person to fill that office shall be made in ac-
24 cordance with such amendment.

1 (c) CLERICAL AMENDMENT.—The analysis for part
 2 I of title 39, United States Code, is amended by inserting
 3 after the item relating to chapter 4 the following:

“5. Postal Regulatory Commission 501”

4 **SEC. 602. AUTHORITY FOR POSTAL REGULATORY COMMIS-**
 5 **SION TO ISSUE SUBPOENAS.**

6 Section 504 of title 39, United States Code (as so
 7 redesignated by section 601) is amended by adding at the
 8 end the following:

9 “(f)(1) Any Commissioner of the Postal Regulatory
 10 Commission, any administrative law judge appointed by
 11 the Commission under section 3105 of title 5, and any
 12 employee of the Commission designated by the Commis-
 13 sion may administer oaths, examine witnesses, take depo-
 14 sitions, and receive evidence.

15 “(2) The Chairman of the Commission, any Commis-
 16 sioner designated by the Chairman, and any administra-
 17 tive law judge appointed by the Commission under section
 18 3105 of title 5 may, with respect to any proceeding con-
 19 ducted by the Commission under this title or to obtain
 20 information to be used to prepare a report under this
 21 title—

22 “(A) issue subpoenas requiring the attendance
 23 and presentation of testimony by, or the production
 24 of documentary or other evidence in the possession
 25 of, any covered person; and

1 “(B) order the taking of depositions and re-
2 sponses to written interrogatories by a covered per-
3 son.

4 The written concurrence of a majority of the Commis-
5 sioners then holding office shall, with respect to each sub-
6 poena under subparagraph (A), be required in advance of
7 its issuance.

8 “(3) In the case of contumacy or failure to obey a
9 subpoena issued under this subsection, upon application
10 by the Commission, the district court of the United States
11 for the district in which the person to whom the subpoena
12 is addressed resides or is served may issue an order requir-
13 ing such person to appear at any designated place to tes-
14 tify or produce documentary or other evidence. Any failure
15 to obey the order of the court may be punished by the
16 court as a contempt thereof.

17 “(4) For purposes of this subsection, the term ‘cov-
18 ered person’ means an officer, employee, agent, or con-
19 tractor of the Postal Service.

20 “(g)(1) If the Postal Service determines that any doc-
21 ument or other matter it provides to the Postal Regulatory
22 Commission under a subpoena issued under subsection (f),
23 or otherwise at the request of the Commission in connec-
24 tion with any proceeding or other purpose under this title,
25 contains information which is described in section 410(c)

1 of this title, or exempt from public disclosure under sec-
2 tion 552(b) of title 5, the Postal Service shall, at the time
3 of providing such matter to the Commission, notify the
4 Commission, in writing, of its determination (and the rea-
5 sons therefor).

6 “(2) Except as provided in paragraph (3), no officer
7 or employee of the Commission may, with respect to any
8 information as to which the Commission has been notified
9 under paragraph (1)—

10 “(A) use such information for purposes other
11 than the purposes for which it is supplied; or

12 “(B) permit anyone who is not an officer or
13 employee of the Commission to have access to any
14 such information.

15 “(3)(A) Paragraph (2) shall not prohibit the
16 Commission from publicly disclosing relevant infor-
17 mation in furtherance of its duties under this title,
18 provided that the Commission has adopted regula-
19 tions under section 553 of title 5, that establish a
20 procedure for according appropriate confidentiality
21 to information identified by the Postal Service under
22 paragraph (1). In determining the appropriate de-
23 gree of confidentiality to be accorded information
24 identified by the Postal Service under paragraph (1),
25 the Commission shall balance the nature and extent

1 of the likely commercial injury to the Postal Service
2 against the public interest in maintaining the finan-
3 cial transparency of a government establishment
4 competing in commercial markets.

5 “(B) Paragraph (2) shall not prevent the Com-
6 mission from requiring production of information in
7 the course of any discovery procedure established in
8 connection with a proceeding under this title. The
9 Commission shall, by regulations based on rule 26(c)
10 of the Federal Rules of Civil Procedure, establish
11 procedures for ensuring appropriate confidentiality
12 for information furnished to any party.”.

13 **SEC. 603. AUTHORIZATION OF APPROPRIATIONS FROM THE**
14 **POSTAL SERVICE FUND.**

15 (a) POSTAL REGULATORY COMMISSION.—Subsection
16 (d) of section 504 of title 39, United States Code (as so
17 redesignated by section 601) is amended to read as fol-
18 lows:

19 “(d) There are authorized to be appropriated, out of
20 the Postal Service Fund, such sums as may be necessary
21 for the Postal Regulatory Commission. In requesting an
22 appropriation under this subsection for a fiscal year, the
23 Commission shall prepare and submit to the Congress
24 under section 2009 a budget of the Commission’s ex-

1 penses, including expenses for facilities, supplies, com-
2 pensation, and employee benefits.”.

3 (b) OFFICE OF INSPECTOR GENERAL OF THE
4 UNITED STATES POSTAL SERVICE.—Section 8G(f) of the
5 Inspector General Act of 1978 (5 U.S.C. App.) is amend-
6 ed—

7 (1) by redesignating paragraph (4) as para-
8 graph (5);

9 (2) by redesignating the second paragraph (3)
10 (relating to employees and labor organizations) as
11 paragraph (4); and

12 (3) by adding at the end the following:

13 “(6) There are authorized to be appropriated,
14 out of the Postal Service Fund, such sums as may
15 be necessary for the Office of Inspector General of
16 the United States Postal Service.”.

17 (c) BUDGET PROGRAM.—

18 (1) IN GENERAL.—The next to last sentence of
19 section 2009 of title 39, United States Code, is
20 amended to read as follows: “The budget program
21 shall also include separate statements of the
22 amounts which (1) the Postal Service requests to be
23 appropriated under subsections (b) and (c) of section
24 2401, (2) the Office of Inspector General of the
25 United States Postal Service requests to be appro-

1 appropriated, out of the Postal Service Fund, under sec-
 2 tion 8G(f) of the Inspector General Act of 1978, and
 3 (3) the Postal Regulatory Commission requests to be
 4 appropriated, out of the Postal Service Fund, under
 5 section 504(d) of this title.”.

6 (2) CONFORMING AMENDMENT.—Section
 7 2003(e)(1) of title 39, United States Code, is
 8 amended by striking the first sentence and inserting
 9 the following: “The Fund shall be available for the
 10 payment of (A) all expenses incurred by the Postal
 11 Service in carrying out its functions as provided by
 12 law, subject to the same limitation as set forth in
 13 the parenthetical matter under subsection (a); (B)
 14 all expenses of the Postal Regulatory Commission,
 15 subject to the availability of amounts appropriated
 16 under section 504(d); and (C) all expenses of the Of-
 17 fice of Inspector General, subject to the availability
 18 of amounts appropriated under section 8G(f) of the
 19 Inspector General Act of 1978.”.

20 (d) EFFECTIVE DATE.—

21 (1) IN GENERAL.—The amendments made by
 22 this section shall apply with respect to fiscal years
 23 beginning on or after October 1, 2007.

24 (2) SAVINGS PROVISION.—The provisions of
 25 title 39, United States Code, and the Inspector Gen-

1 eral Act of 1978 (5 U.S.C. App.) that are amended
2 by this section shall, for purposes of any fiscal year
3 before the first fiscal year to which the amendments
4 made by this section apply, continue to apply in the
5 same way as if this section had never been enacted.

6 **SEC. 604. REDESIGNATION OF THE POSTAL RATE COMMIS-**
7 **SION.**

8 (a) AMENDMENTS TO TITLE 39, UNITED STATES
9 CODE.—Title 39, United States Code, is amended in sec-
10 tions 404, 503 and 504 (as so redesignated by section
11 601), 1001 and 1002, by striking “Postal Rate Commis-
12 sion” each place it appears and inserting “Postal Regu-
13 latory Commission”;

14 (b) AMENDMENTS TO TITLE 5, UNITED STATES
15 CODE.—Title 5, United States Code, is amended in sec-
16 tions 104(1), 306(f), 2104(b), 3371(3), 5314 (in the item
17 relating to Chairman, Postal Rate Commission), 5315 (in
18 the item relating to Members, Postal Rate Commission),
19 5514(a)(5)(B), 7342(a)(1)(A), 7511(a)(1)(B)(ii),
20 8402(c)(1), 8423(b)(1)(B), and 8474(c)(4) by striking
21 “Postal Rate Commission” and inserting “Postal Regu-
22 latory Commission”.

23 (c) AMENDMENT TO THE ETHICS IN GOVERNMENT
24 ACT OF 1978.—Section 101(f)(6) of the Ethics in Govern-
25 ment Act of 1978 (5 U.S.C. App.) is amended by striking

1 “Postal Rate Commission” and inserting “Postal Regu-
2 latory Commission”.

3 (d) AMENDMENT TO THE REHABILITATION ACT OF
4 1973.—Section 501(b) of the Rehabilitation Act of 1973
5 (29 U.S.C. 791(b)) is amended by striking “Postal Rate
6 Office” and inserting “Postal Regulatory Commission”.

7 (e) AMENDMENT TO TITLE 44, UNITED STATES
8 CODE.—Section 3502(5) of title 44, United States Code,
9 is amended by striking “Postal Rate Commission” and in-
10 serting “Postal Regulatory Commission”.

11 (f) OTHER REFERENCES.—Whenever a reference is
12 made in any provision of law (other than this Act or a
13 provision of law amended by this Act), regulation, rule,
14 document, or other record of the United States to the
15 Postal Rate Commission, such reference shall be consid-
16 ered a reference to the Postal Regulatory Commission.

17 **SEC. 605. INSPECTOR GENERAL OF THE POSTAL REGU-**
18 **LATORY COMMISSION.**

19 (a) IN GENERAL.—Section 8G(a)(2) of the Inspector
20 General Act of 1978 is amended by inserting “the Postal
21 Regulatory Commission,” after “the United States Inter-
22 national Trade Commission,”.

23 (b) ADMINISTRATION.—Section 504 of title 39,
24 United States Code (as so redesignated by section 601)

1 is amended by adding after subsection (g) (as added by
2 section 602) the following:

3 “(h)(1) Notwithstanding any other provision of this
4 title or of the Inspector General Act of 1978, the authority
5 to select, appoint, and employ officers and employees of
6 the Office of Inspector General of the Postal Regulatory
7 Commission, and to obtain any temporary or intermittent
8 services of experts or consultants (or an organization of
9 experts or consultants) for such Office, shall reside with
10 the Inspector General of the Postal Regulatory Commis-
11 sion.

12 “(2) Except as provided in paragraph (1), any exer-
13 cise of authority under this subsection shall, to the extent
14 practicable, be in conformance with the applicable laws
15 and regulations that govern selections, appointments, and
16 employment, and the obtaining of any such temporary or
17 intermittent services, within the Postal Regulatory Com-
18 mission.”.

19 (c) DEADLINE.—No later than 180 days after the
20 date of the enactment of this Act—

21 (1) the first Inspector General of the Postal
22 Regulatory Commission shall be appointed; and

23 (2) the Office of Inspector General of the Post-
24 al Regulatory Commission shall be established.

1 **TITLE VII—EVALUATIONS**

2 **SEC. 701. ASSESSMENTS OF RATEMAKING, CLASSIFICA-**
3 **TION, AND OTHER PROVISIONS.**

4 (a) IN GENERAL.—The Postal Regulatory Commis-
5 sion shall, at least every 5 years, submit a report to the
6 President and Congress concerning—

7 (1) the operation of the amendments made by
8 this Act; and

9 (2) recommendations for any legislation or
10 other measures necessary to improve the effective-
11 ness or efficiency of the postal laws of the United
12 States.

13 (b) POSTAL SERVICE VIEWS.—A report under this
14 section shall be submitted only after reasonable oppor-
15 tunity has been afforded to the Postal Service to review
16 the report and to submit written comments on the report.
17 Any comments timely received from the Postal Service
18 under the preceding sentence shall be attached to the re-
19 port submitted under subsection (a).

20 **SEC. 702. REPORT ON UNIVERSAL POSTAL SERVICE AND**
21 **THE POSTAL MONOPOLY.**

22 (a) REPORT BY THE POSTAL REGULATORY COMMIS-
23 SION.—

24 (1) IN GENERAL.—Not later than 24 months
25 after the date of enactment of this Act, the Postal

1 Regulatory Commission shall submit a report to the
2 President and Congress on universal postal service
3 and the postal monopoly in the United States (in
4 this section referred to as “universal service and the
5 postal monopoly”), including the monopoly on the
6 delivery of mail and on access to mailboxes.

7 (2) CONTENTS.—The report under this sub-
8 section shall include—

9 (A) a comprehensive review of the history
10 and development of universal service and the
11 postal monopoly, including how the scope and
12 standards of universal service and the postal
13 monopoly have evolved over time for the Nation
14 and its urban and rural areas;

15 (B) the scope and standards of universal
16 service and the postal monopoly provided under
17 current law (including sections 101 and 403 of
18 title 39, United States Code), and current
19 rules, regulations, policy statements, and prac-
20 tices of the Postal Service;

21 (C) a description of any geographic areas,
22 populations, communities (including both urban
23 and rural communities), organizations, or other
24 groups or entities not currently covered by uni-
25 versal service or that are covered but that are

1 receiving services deficient in scope or quality
2 or both; and

3 (D) the scope and standards of universal
4 service and the postal monopoly likely to be re-
5 quired in the future in order to meet the needs
6 and expectations of the United States public,
7 including all types of mail users, based on dis-
8 cussion of such assumptions, alternative sets of
9 assumptions, and analyses as the Postal Service
10 considers plausible.

11 (b) RECOMMENDED CHANGES TO UNIVERSAL SERV-
12 ICE AND THE MONOPOLY.—The Postal Regulatory Com-
13 mission shall include in the report under subsection (a),
14 and in all reports submitted under section 701 of this
15 Act—

16 (1) any recommended changes to universal serv-
17 ice and the postal monopoly as the Commission con-
18 siders appropriate, including changes that the Com-
19 mission may implement under current law and
20 changes that would require changes to current law,
21 with estimated effects of the recommendations on
22 the service, financial condition, rates, and security of
23 mail provided by the Postal Service;

24 (2) with respect to each recommended change
25 described under paragraph (1)—

1 (A) an estimate of the costs of the Postal
2 Service attributable to the obligation to provide
3 universal service under current law; and

4 (B) an analysis of the likely benefit of the
5 current postal monopoly to the ability of the
6 Postal Service to sustain the current scope and
7 standards of universal service, including esti-
8 mates of the financial benefit of the postal mo-
9 nopoly to the extent practicable, under current
10 law; and

11 (3) such additional topics and recommendations
12 as the Commission considers appropriate, with esti-
13 mated effects of the recommendations on the service,
14 financial condition, rates, and the security of mail
15 provided by the Postal Service.

16 (c) CONSULTATION.—In preparing the report re-
17 quired by this section, the Postal Regulatory Commis-
18 sion—

19 (1) shall solicit written comments from the
20 Postal Service and consult with the Postal Service
21 and other Federal agencies, users of the mails, en-
22 terprises in the private sector engaged in the deliv-
23 ery of the mail, and the general public; and

24 (2) shall address in the report any written com-
25 ments received under this section.

1 (d) CLARIFYING PROVISION.—Nothing in this section
2 shall be considered to relate to any services that are not
3 postal services within the meaning of section 102 of title
4 39, United States Code, as amended by section 101 of this
5 Act.

6 **SEC. 703. STUDY ON EQUAL APPLICATION OF LAWS TO**
7 **COMPETITIVE PRODUCTS.**

8 (a) IN GENERAL.—The Federal Trade Commission
9 shall prepare and submit to the President and Congress,
10 and to the Postal Regulatory Commission, within 1 year
11 after the date of enactment of this Act, a comprehensive
12 report identifying Federal and State laws that apply dif-
13 ferently to the United States Postal Service with respect
14 to the competitive category of mail (within the meaning
15 of section 102 of title 39, United States Code, as amended
16 by section 101) and to private companies providing similar
17 products.

18 (b) RECOMMENDATIONS.—The Federal Trade Com-
19 mission shall include such recommendations as it con-
20 siders appropriate for bringing such legal differences to
21 an end, and in the interim, to account under section 3633
22 of title 39, United States Code (as added by this Act),
23 for the net economic effects provided by those laws.

24 (c) CONSULTATION.—In preparing its report, the
25 Federal Trade Commission shall consult with the United

1 States Postal Service, the Postal Regulatory Commission,
2 other Federal agencies, mailers, private companies that
3 provide delivery services, and the general public, and shall
4 append to such report any written comments received
5 under this subsection.

6 (d) COMPETITIVE PRODUCT REGULATION.—The
7 Postal Regulatory Commission shall take into account the
8 recommendations of the Federal Trade Commission, and
9 subsequent events that affect the continuing validity of the
10 estimate of the next economic effect, in promulgating or
11 revising the regulations required under section 3633 of
12 title 39, United States Code.

13 **SEC. 704. REPORT ON POSTAL WORKPLACE SAFETY AND**
14 **WORKPLACE-RELATED INJURIES.**

15 (a) REPORT BY THE INSPECTOR GENERAL.—

16 (1) IN GENERAL.—Not later than 6 months
17 after the enactment of this Act, the Inspector Gen-
18 eral of the United States Postal Service shall submit
19 a report to Congress and the Postal Service that—

20 (A) details and assesses any progress the
21 Postal Service has made in improving workplace
22 safety and reducing workplace-related injuries
23 nationwide; and

1 (B) identifies opportunities for improve-
2 ment that remain with respect to such improve-
3 ments and reductions.

4 (2) CONTENTS.—The report under this sub-
5 section shall also—

6 (A) discuss any injury reduction goals es-
7 tablished by the Postal Service;

8 (B) describe the actions that the Postal
9 Service has taken to improve workplace safety
10 and reduce workplace-related injuries, and as-
11 sess how successful the Postal Service has been
12 in meeting its injury reduction goal; and

13 (C) identify areas where the Postal Service
14 has failed to meet its injury reduction goals, ex-
15 plain the reasons why these goals were not met,
16 and identify opportunities for making further
17 progress in meeting these goals.

18 (b) REPORT BY THE POSTAL SERVICE.—

19 (1) REPORT TO CONGRESS.—Not later than 6
20 months after receiving the report under subsection
21 (a), the Postal Service shall submit a report to Con-
22 gress detailing how it plans to improve workplace
23 safety and reduce workplace-related injuries nation-
24 wide, including goals and metrics.

1 (2) PROBLEM AREAS.—The report under this
2 subsection shall also include plans, developed in con-
3 sultation with the Inspector General and employee
4 representatives, including representatives of each
5 postal labor union and management association, for
6 addressing the problem areas identified by the In-
7 spector General in the report under subsection
8 (a)(2)(C).

9 **SEC. 705. STUDY ON RECYCLED PAPER.**

10 (a) IN GENERAL.—Within 12 months after the date
11 of enactment of this Act, the Government Accountability
12 Office shall study and submit to the Congress, the Board
13 of Governors of the Postal Service, and to the Postal Reg-
14 ulatory Commission a report concerning—

15 (1) a description and analysis of the accom-
16 plishments of the Postal Service in each of the pre-
17 ceding 5 years involving recycling activities, includ-
18 ing efforts by the Postal Service to recycle undeliver-
19 able and discarded mail and other materials and its
20 public affairs efforts to promote the increased recy-
21 cling of paper products; and

22 (2) additional opportunities that may be avail-
23 able for the United States Postal Service to engage
24 in recycling initiatives, including consultation with
25 the paper recycling industry and encouraging mail-

1 ers to increase both the recycling of paper products
2 and the use of recycled paper, and the projected
3 costs and revenues of undertaking such opportuni-
4 ties.

5 (b) RECOMMENDATIONS.—The report shall include
6 recommendations for any administrative or legislative ac-
7 tions that may be appropriate.

8 **SEC. 706. GREATER DIVERSITY IN POSTAL SERVICE EXECU-**
9 **TIVE AND ADMINISTRATIVE SCHEDULE MAN-**
10 **AGEMENT POSITIONS.**

11 (a) IN GENERAL.—The Board of Governors shall
12 study and, within 1 year after the date of the enactment
13 of this Act, submit to the President and Congress a report
14 concerning the extent to which women and minorities are
15 represented in supervisory and management positions
16 within the United States Postal Service. Any data included
17 in the report shall be presented in the aggregate and by
18 pay level.

19 (b) PERFORMANCE EVALUATIONS.—The United
20 States Postal Service shall, as soon as is practicable, take
21 such measures as may be necessary to incorporate the af-
22 firmative action and equal opportunity criteria contained
23 in 4313(5) of title 5, United States Code, into the per-
24 formance appraisals of senior supervisory or managerial
25 employees.

1 **SEC. 707. CONTRACTS WITH WOMEN, MINORITIES, AND**
2 **SMALL BUSINESSES.**

3 The Board of Governors shall study and, within 1
4 year after the date of the enactment of this Act, submit
5 to the President and the Congress a report concerning the
6 number and value of contracts and subcontracts the Post-
7 al Service has entered into with women, minorities, and
8 small businesses.

9 **SEC. 708. RATES FOR PERIODICALS.**

10 (a) IN GENERAL.—The United States Postal Service,
11 acting jointly with the Postal Regulatory Commission,
12 shall study and submit to the President and Congress a
13 report concerning—

14 (1) the quality, accuracy, and completeness of
15 the information used by the Postal Service in deter-
16 mining the direct and indirect postal costs attrib-
17 utable to periodicals; and

18 (2) any opportunities that might exist for im-
19 proving efficiencies in the collection, handling, trans-
20 portation, or delivery of periodicals by the Postal
21 Service, including any pricing incentives for mailers
22 that might be appropriate.

23 (b) RECOMMENDATIONS.—The report shall include
24 recommendations for any administrative action or legisla-
25 tion that might be appropriate.

1 **SEC. 709. ASSESSMENT OF CERTAIN RATE DEFICIENCIES.**

2 (a) IN GENERAL.—Within 12 months after the date
3 of the enactment of this Act, the Office of Inspector Gen-
4 eral of the United States Postal Service shall study and
5 submit to the President, the Congress, and the United
6 States Postal Service, a report concerning the administra-
7 tion of section 3626(k) of title 39, United States Code.

8 (b) SPECIFIC REQUIREMENTS.—The study and re-
9 port shall specifically address the adequacy and fairness
10 of the process by which assessments under section 3626(k)
11 of title 39, United States Code, are determined and ap-
12 pealable, including—

13 (1) whether the Postal Regulatory Commission
14 or any other body outside the Postal Service should
15 be assigned a role; and

16 (2) whether a statute of limitations should be
17 established for the commencement of proceedings by
18 the Postal Service thereunder.

19 **SEC. 710. ASSESSMENT OF FUTURE BUSINESS MODEL OF**
20 **THE POSTAL SERVICE.**

21 (a) GOVERNMENT ACCOUNTABILITY OFFICE MAN-
22 DATE.—The Comptroller General of the United States
23 shall prepare and submit to the President and Congress
24 a report that builds upon the work of the 2002 President’s
25 Commission on the United States Postal Service by evalu-
26 ating in-depth various options and strategies for the long-

1 term structural and operational reforms of the United
2 States Postal Service. The final report required by this
3 section shall be submitted within 5 years of the date of
4 enactment of this Act.

5 (b) PROTECTION OF UNIVERSAL SERVICE.—The
6 Government Accountability Office may include such rec-
7 ommendations as it considers appropriate with respect to
8 how the Postal Service’s business model can be maintained
9 or transformed in an orderly manner that will minimize
10 adverse effects on all interested parties and assure contin-
11 ued availability of affordable, universal postal service
12 throughout the United States. The Government Account-
13 ability Office shall not consider any strategy or other
14 course of action that would pose a significant risk to the
15 continued availability of affordable, universal postal serv-
16 ice throughout the United States.

17 (c) ELEMENTS OF REPORT.—

18 (1) TOPICS TO ADDRESS.—The report shall ad-
19 dress at least the following:

20 (A) Specification of nature and bases of
21 one or more sets of reasonable assumptions
22 about the development of the postal services
23 market, to the extent that such assumptions
24 may be necessary or appropriate for each strat-

1 egy identified by the Government Accountability
2 Office.

3 (B) Specification of the nature and bases
4 of one or more sets of reasonable assumptions
5 about the development of the regulatory frame-
6 work for postal services, to the extent that such
7 assumptions may be necessary or appropriate
8 for each strategy identified by the Government
9 Accountability Office.

10 (C) Qualitative and, to the extent possible,
11 quantitative effects that each strategy identified
12 by the Government Accountability Office may
13 have on universal service generally, the Postal
14 Service, mailers, postal employees, private com-
15 panies that provide delivery services, and the
16 general public.

17 (D) Financial effects that each strategy
18 identified by the Government Accountability Of-
19 fice may have on the Postal Service, postal em-
20 ployees, the Treasury of the United States, and
21 other affected parties, including the American
22 mailing consumer.

23 (E) Feasible and appropriate procedural
24 steps and timetables for implementing each

1 strategy identified by the Government Account-
2 ability Office.

3 (F) Such additional topics as the Comp-
4 troller General shall consider necessary and ap-
5 propriate.

6 (2) MATTERS TO CONSIDER.—For each strat-
7 egy identified, the Government Accountability Office
8 shall assess how each business model might—

9 (A) address the human-capital challenges
10 facing the Postal Service, including how em-
11 ployee-management relations within the Postal
12 Service may be improved;

13 (B) optimize the postal infrastructure, in-
14 cluding the best methods for providing retail
15 services that ensure convenience and access to
16 customers;

17 (C) ensure the safety and security of the
18 mail and of postal employees;

19 (D) minimize areas of inefficiency or waste
20 and improve operations involved in the collec-
21 tion, processing, or delivery of mail; and

22 (E) impact other matters that the Comp-
23 troller General determines are relevant to evalu-
24 ating a viable long-term business model for the
25 Postal Service.

1 (3) EXPERIENCES OF OTHER COUNTRIES.—In
2 preparing the report required by subsection (a), the
3 Government Accountability Office shall comprehen-
4 sively and quantitatively investigate the experiences
5 of other industrialized countries that have trans-
6 formed the national post office. The Government Ac-
7 countability Office shall undertake such original re-
8 search as it deems necessary. In each case, the Gov-
9 ernment Accountability Office shall describe as fully
10 as possible the costs and benefits of transformation
11 of the national post office on all affected parties and
12 shall identify any lessons that foreign experience
13 may imply for each strategy identified by the re-
14 search organization.

15 (d) OUTSIDE EXPERTS.—In preparing its study, the
16 Government Accountability Office may retain the services
17 of additional experts and consultants.

18 (e) CONSULTATION.—In preparing its report, the
19 Government Accountability Office shall consult fully with
20 the Postal Service, the Postal Regulatory Commission,
21 other Federal agencies, postal employee unions and man-
22 agement associations, mailers, private companies that pro-
23 vide delivery services, and the general public. The Govern-
24 ment Accountability Office shall include with its final re-

1 port a copy of all formal written comments received under
2 this subsection.

3 (f) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated from the Postal Service
5 Fund such sums as may be necessary to carry out this
6 section.

7 **SEC. 711. PROVISIONS RELATING TO COOPERATIVE MAIL-**
8 **INGS.**

9 (a) STUDY.—

10 (1) IN GENERAL.—The Postal Regulatory Com-
11 mission shall examine section E670.5.3 of the Do-
12 mestic Mail Manual to determine whether it contains
13 adequate safeguards to protect against—

14 (A) abuses of rates for nonprofit mail; and

15 (B) deception of consumers.

16 (2) REPORT.—The Commission shall report the
17 results of its examination to the Postal Service,
18 along with any recommendations that the Commis-
19 sion determines appropriate.

20 (b) FAILURE TO ACT.—If the Postal Service fails to
21 act on the recommendations of the Commission, the Com-
22 mission may take such action as it determines necessary
23 to prevent abuse of rates or deception of consumers.

1 **SEC. 712. DEFINITION.**

2 For purposes of this title, the term “Board of Gov-
3 ernors” has the meaning given such term by section 102
4 of title 39, United States Code.

5 **TITLE VIII—POSTAL SERVICE**
6 **RETIREMENT AND HEALTH**
7 **BENEFITS FUNDING**

8 **SEC. 801. SHORT TITLE.**

9 This title may be cited as the “Postal Civil Service
10 Retirement and Health Benefits Funding Amendments of
11 2006”.

12 **SEC. 802. CIVIL SERVICE RETIREMENT SYSTEM.**

13 (a) IN GENERAL.—Chapter 83 of title 5, United
14 States Code, is amended—

15 (1) in section 8334(a)(1)(B), by striking clause

16 (ii) and inserting the following:

17 “(ii) In the case of an employee of the United States
18 Postal Service, no amount shall be contributed under this
19 subparagraph.”; and

20 (2) by amending section 8348(h) to read as fol-
21 lows:

22 “(h)(1) In this subsection, the term ‘Postal surplus
23 or supplemental liability’ means the estimated difference,
24 as determined by the Office, between—

25 “(A) the actuarial present value of all future
26 benefits payable from the Fund under this sub-

1 chapter to current or former employees of the
2 United States Postal Service and attributable to ci-
3 vilian employment with the United States Postal
4 Service; and

5 “(B) the sum of—

6 “(i) the actuarial present value of deduc-
7 tions to be withheld from the future basic pay
8 of employees of the United States Postal Serv-
9 ice currently subject to this subchapter under
10 section 8334;

11 “(ii) that portion of the Fund balance, as
12 of the date the Postal surplus or supplemental
13 liability is determined, attributable to payments
14 to the Fund by the United States Postal Serv-
15 ice and its employees, minus benefit payments
16 attributable to civilian employment with the
17 United States Postal Service, plus the earnings
18 on such amounts while in the Fund; and

19 “(iii) any other appropriate amount, as de-
20 termined by the Office in accordance with gen-
21 erally accepted actuarial practices and prin-
22 ciples.

23 “(2)(A) Not later than June 15, 2007, the Office
24 shall determine the Postal surplus or supplemental liabil-
25 ity, as of September 30, 2006. If that result is a surplus,

1 the amount of the surplus shall be transferred to the Post-
2 al Service Retiree Health Benefits Fund established under
3 section 8909a by June 30, 2007.

4 “(B) The Office shall redetermine the Postal surplus
5 or supplemental liability as of the close of the fiscal year,
6 for each fiscal year beginning after September 30, 2007,
7 through the fiscal year ending September 30, 2038. If the
8 result is a surplus, that amount shall remain in the Fund
9 until distribution is authorized under subparagraph (C).
10 Beginning June 15, 2017, if the result is a supplemental
11 liability, the Office shall establish an amortization sched-
12 ule, including a series of annual installments commencing
13 on September 30 of the subsequent fiscal year, which pro-
14 vides for the liquidation of such liability by September 30,
15 2043.

16 “(C) As of the close of the fiscal years ending Sep-
17 tember 30, 2015, 2025, 2035, and 2039, if the result is
18 a surplus, that amount shall be transferred to the Postal
19 Service Retiree Health Benefits Fund, and any prior am-
20 ortization schedule for payments shall be terminated.

21 “(D) Amortization schedules established under this
22 paragraph shall be set in accordance with generally accept-
23 ed actuarial practices and principles, with interest com-
24 puted at the rate used in the most recent valuation of the
25 Civil Service Retirement System.

1 “(E) The United States Postal Service shall pay the
2 amounts so determined to the Office, with payments due
3 not later than the date scheduled by the Office.

4 “(3) Notwithstanding any other provision of law, in
5 computing the amount of any payment under any other
6 subsection of this section that is based upon the amount
7 of the unfunded liability, such payment shall be computed
8 disregarding that portion of the unfunded liability that the
9 Office determines will be liquidated by payments under
10 this subsection.”.

11 (b) CREDIT ALLOWED FOR MILITARY SERVICE.—In
12 the application of section 8348(g)(2) of title 5, United
13 States Code, for the fiscal year 2007, the Office of Per-
14 sonnel Management shall include, in addition to the
15 amount otherwise computed under that paragraph, the
16 amounts that would have been included for the fiscal years
17 2003 through 2006 with respect to credit for military serv-
18 ice of former employees of the United States Postal Serv-
19 ice as though the Postal Civil Service Retirement System
20 Funding Reform Act of 2003 (Public Law 108–18) had
21 not been enacted, and the Secretary of the Treasury shall
22 make the required transfer to the Civil Service Retirement
23 and Disability Fund based on that amount.

24 (c) REVIEW.—

25 (1) IN GENERAL.—

1 (A) REQUEST FOR REVIEW.—Notwith-
2 standing any other provision of this section (in-
3 cluding any amendment made by this section),
4 any determination or redetermination made by
5 the Office of Personnel Management under this
6 section (including any amendment made by this
7 section) shall, upon request of the United
8 States Postal Service, be subject to a review by
9 the Postal Regulatory Commission under this
10 subsection.

11 (B) REPORT.—Upon receiving a request
12 under subparagraph (A), the Commission shall
13 promptly procure the services of an actuary,
14 who shall hold membership in the American
15 Academy of Actuaries and shall be qualified in
16 the evaluation of pension obligations, to conduct
17 a review in accordance with generally accepted
18 actuarial practices and principles and to provide
19 a report to the Commission containing the re-
20 sults of the review. The Commission, upon de-
21 termining that the report satisfies the require-
22 ments of this paragraph, shall approve the re-
23 port, with any comments it may choose to
24 make, and submit it with any such comments to

1 the Postal Service, the Office of Personnel
2 Management, and Congress.

3 (2) RECONSIDERATION.—Upon receiving the re-
4 port from the Commission under paragraph (1), the
5 Office of Personnel Management shall reconsider its
6 determination or redetermination in light of such re-
7 port, and shall make any appropriate adjustments.
8 The Office shall submit a report containing the re-
9 sults of its reconsideration to the Commission, the
10 Postal Service, and Congress.

11 **SEC. 803. HEALTH INSURANCE.**

12 (a) IN GENERAL.—

13 (1) FUNDING.—Chapter 89 of title 5, United
14 States Code, is amended—

15 (A) in section 8906(g)(2)(A), by striking
16 “shall be paid by the United States Postal
17 Service.” and inserting “shall through Sep-
18 tember 30, 2016, be paid by the United States
19 Postal Service, and thereafter shall be paid first
20 from the Postal Service Retiree Health Benefits
21 Fund up to the amount contained in the Fund,
22 with any remaining amount paid by the United
23 States Postal Service.”; and

24 (B) by inserting after section 8909 the fol-
25 lowing:

1 **“§ 8909a. Postal Service Retiree Health Benefit Fund**

2 “(a) There is in the Treasury of the United States
3 a Postal Service Retiree Health Benefits Fund which is
4 administered by the Office of Personnel Management.

5 “(b) The Fund is available without fiscal year limita-
6 tion for payments required under section 8906(g)(2)(A).

7 “(c) The Secretary of the Treasury shall immediately
8 invest, in interest-bearing securities of the United States
9 such currently available portions of the Fund as are not
10 immediately required for payments from the Fund. Such
11 investments shall be made in the same manner as invest-
12 ments for the Civil Service Retirement and Disability
13 Fund under section 8348.

14 “(d)(1) Not later than June 30, 2007, and by June
15 30 of each succeeding year, the Office shall compute the
16 net present value of the future payments required under
17 section 8906(g)(2)(A) and attributable to the service of
18 Postal Service employees during the most recently ended
19 fiscal year.

20 “(2)(A) Not later than June 30, 2007, the Office
21 shall compute, and by June 30 of each succeeding year,
22 the Office shall recompute the difference between—

23 “(i) the net present value of the excess of fu-
24 ture payments required under section 8906(g)(2)(A)
25 for current and future United States Postal Service

1 annuitants as of the end of the fiscal year ending on
2 September 30 of that year; and

3 “(ii)(I) the value of the assets of the Postal Re-
4 tiree Health Benefits Fund as of the end of the fis-
5 cal year ending on September 30 of that year; and

6 “(II) the net present value computed under
7 paragraph (1).

8 “(B) Not later than June 30, 2017, the Office shall
9 compute, and by June 30 of each succeeding year shall
10 recompute, a schedule including a series of annual install-
11 ments which provide for the liquidation of any liability or
12 surplus by September 30, 2056, or within 15 years, which-
13 ever is later, of the net present value determined under
14 subparagraph (A), including interest at the rate used in
15 that computation.

16 “(3)(A) The United States Postal Service shall pay
17 into such Fund—

18 “(i) \$5,400,000,000, not later than September
19 30, 2007;

20 “(ii) \$5,400,000,000, not later than September
21 30, 2008;

22 “(iii) \$5,400,000,000, not later than September
23 30, 2009;

24 “(iv) \$5,500,000,000, not later than September
25 30, 2010;

1 “(v) \$5,500,000,000, not later than September
2 30, 2011;

3 “(vi) \$5,600,000,000, not later than September
4 30, 2012;

5 “(vii) \$5,600,000,000, not later than Sep-
6 tember 30, 2013;

7 “(viii) \$5,700,000,000, not later than Sep-
8 tember 30, 2014;

9 “(ix) \$5,700,000,000, not later than September
10 30, 2015; and

11 “(x) \$5,800,000,000, not later than September
12 30, 2016.

13 “(B) Not later than September 30, 2017, and by Sep-
14 tember 30 of each succeeding year, the United States
15 Postal Service shall pay into such Fund the sum of—

16 “(i) the net present value computed under para-
17 graph (1); and

18 “(ii) any annual installment computed under
19 paragraph (2)(B).

20 “(4) Computations under this subsection shall be
21 made consistent with the assumptions and methodology
22 used by the Office for financial reporting under sub-
23 chapter II of chapter 35 of title 31.

24 “(5)(A)(i) Any computation or other determination of
25 the Office under this subsection shall, upon request of the

1 United States Postal Service, be subject to a review by
2 the Postal Regulatory Commission under this paragraph.

3 “(ii) Upon receiving a request under clause (i), the
4 Commission shall promptly procure the services of an ac-
5 tuary, who shall hold membership in the American Acad-
6 emy of Actuaries and shall be qualified in the evaluation
7 of healthcare insurance obligations, to conduct a review
8 in accordance with generally accepted actuarial practices
9 and principles and to provide a report to the Commission
10 containing the results of the review. The Commission,
11 upon determining that the report satisfies the require-
12 ments of this subparagraph, shall approve the report, with
13 any comments it may choose to make, and submit it with
14 any such comments to the Postal Service, the Office of
15 Personnel Management, and Congress.

16 “(B) Upon receiving the report under subparagraph
17 (A), the Office of Personnel Management shall reconsider
18 its determination or redetermination in light of such re-
19 port, and shall make any appropriate adjustments. The
20 Office shall submit a report containing the results of its
21 reconsideration to the Commission, the Postal Service, and
22 Congress.

23 “(6) After consultation with the United States Postal
24 Service, the Office shall promulgate any regulations the
25 Office determines necessary under this subsection.”.

1 (2) TECHNICAL AND CONFORMING AMEND-
2 MENT.—The table of sections for chapter 89 of title
3 5, United States Code, is amended by inserting after
4 the item relating to section 8909 the following:

“8909a. Postal Service Retiree Health Benefits Fund.”.

5 (b) REVIEW.—

6 (1) IN GENERAL.—

7 (A) REQUEST FOR REVIEW.—Any regula-
8 tion established under section 8909a(d)(5) of
9 title 5, United States Code (as added by sub-
10 section (a)), shall, upon request of the United
11 States Postal Service, be subject to a review by
12 the Postal Regulatory Commission under this
13 paragraph.

14 (B) REPORT.—Upon receiving a request
15 under subparagraph (A), the Commission shall
16 promptly procure the services of an actuary,
17 who shall hold membership in the American
18 Academy of Actuaries and shall be qualified in
19 the evaluation of healthcare insurance obliga-
20 tions, to conduct a review in accordance with
21 generally accepted actuarial practices and prin-
22 ciples and to provide a report to the Commis-
23 sion containing the results of the review. The
24 Commission, upon determining that the report
25 satisfies the requirements of this paragraph,

1 shall approve the report, with any comments it
2 may choose to make, and submit it with any
3 such comments to the Postal Service, the Office
4 of Personnel Management, and Congress.

5 (2) RECONSIDERATION.—Upon receiving the re-
6 port under paragraph (1), the Office of Personnel
7 Management shall reconsider its determination or
8 redetermination in light of such report, and shall
9 make any appropriate adjustments. The Office shall
10 submit a report containing the results of its recon-
11 sideration to the Commission, the Postal Service,
12 and Congress.

13 **SEC. 804. REPEAL OF DISPOSITION OF SAVINGS PROVISION.**

14 (a) IN GENERAL.—Section 3 of the Postal Civil Serv-
15 ice Retirement System Funding Reform Act of 2003 (Pub-
16 lic Law 108–18) is repealed.

17 (b) SAVINGS.—Savings accrued to the Postal Service
18 as a result of enactment of Public Law 108–18 and attrib-
19 utable to fiscal year 2006 shall be transferred to the Post-
20 al Service Retiree Health Benefits Fund established under
21 section 8909a of title 5, United States Code, as added by
22 section 803 of this Act.

23 **SEC. 805. EFFECTIVE DATES.**

24 (a) IN GENERAL.—Except as provided under sub-
25 section (b), this title shall take effect on October 1, 2006.

1 (b) TERMINATION OF EMPLOYER CONTRIBUTION.—
2 The amendment made by paragraph (1) of section 802(a)
3 shall take effect on the first day of the first pay period
4 beginning on or after October 1, 2006.

5 **TITLE IX—COMPENSATION FOR**
6 **WORK INJURIES**

7 **SEC. 901. TEMPORARY DISABILITY; CONTINUATION OF PAY.**

8 (a) TIME OF ACCRUAL OF RIGHT.—Section 8117 of
9 title 5, United States Code, is amended—

10 (1) by striking “An employee” and inserting
11 “(a) An employee other than a Postal Service em-
12 ployee”; and

13 (2) by adding at the end the following:

14 “(b) A Postal Service employee is not entitled to com-
15 pensation or continuation of pay for the first 3 days of
16 temporary disability, except as provided under paragraph
17 (3) of subsection (a). A Postal Service employee may use
18 annual leave, sick leave, or leave without pay during that
19 3-day period, except that if the disability exceeds 14 days
20 or is followed by permanent disability, the employee may
21 have their sick leave or annual leave reinstated or receive
22 pay for the time spent on leave without pay under this
23 section.”.

1 (b) TECHNICAL AND CONFORMING AMENDMENT.—
2 Section 8118(b)(1) of title 5, United States Code, is
3 amended to read as follows:

4 “(1) without a break in time, except as pro-
5 vided under section 8117(b), unless controverted
6 under regulations of the Secretary;”.

7 **TITLE X—MISCELLANEOUS**

8 **SEC. 1001. EMPLOYMENT OF POSTAL POLICE OFFICERS.**

9 Section 3061 of title 18, United States Code, is
10 amended by adding at the end the following:

11 “(c)(1) The Postal Service may employ police officers
12 for duty in connection with the protection of property
13 owned or occupied by the Postal Service or under the
14 charge and control of the Postal Service, and persons on
15 that property, including duty in areas outside the property
16 to the extent necessary to protect the property and persons
17 on the property.

18 “(2) With respect to such property, such officers shall
19 have the power to—

20 “(A) enforce Federal laws and regulations for
21 the protection of persons and property;

22 “(B) carry firearms; and

23 “(C) make arrests without a warrant for any
24 offense against the United States committed in the
25 presence of the officer or for any felony cognizable

1 under the laws of the United States if the officer has
2 reasonable grounds to believe that the person to be
3 arrested has committed or is committing a felony.

4 “(3) With respect to such property, such officers may
5 have, to such extent as the Postal Service may by regula-
6 tions prescribe, the power to—

7 “(A) serve warrants and subpoenas issued
8 under the authority of the United States; and

9 “(B) conduct investigations, on and off the
10 property in question, of offenses that may have been
11 committed against property owned or occupied by
12 the Postal Service or persons on the property.

13 “(4)(A) As to such property, the Postmaster General
14 may prescribe regulations necessary for the protection and
15 administration of property owned or occupied by the Post-
16 al Service and persons on the property. The regulations
17 may include reasonable penalties, within the limits pre-
18 scribed in subparagraph (B), for violations of the regula-
19 tions. The regulations shall be posted and remain posted
20 in a conspicuous place on the property.

21 “(B) A person violating a regulation prescribed
22 under this subsection shall be fined under this title,
23 imprisoned for not more than 30 days, or both.”.

24 **SEC. 1002. OBSOLETE PROVISIONS.**

25 (a) REPEAL.—

1 (1) IN GENERAL.—Chapter 52 of title 39,
2 United States Code, is repealed.

3 (2) CONFORMING AMENDMENTS.—(A) Section
4 5005(a) of title 39, United States Code, is amend-
5 ed—

6 (i) by striking paragraph (1), and by re-
7 designating paragraphs (2) through (4) as
8 paragraphs (1) through (3), respectively; and

9 (ii) in paragraph (3) (as so designated by
10 clause (i)), by striking “(as defined in section
11 5201(6) of this title)”.

12 (B) Section 5005(b) of such title 39 is amended
13 by striking “(a)(4)” each place it appears and in-
14 serting “(a)(3)”.

15 (C) Section 5005(c) of such title 39 is amended
16 by striking “by carrier or person under subsection
17 (a)(1) of this section, by contract under subsection
18 (a)(4) of this section, or” and inserting “by contract
19 under subsection (a)(3) of this section or”.

20 (b) ELIMINATING RESTRICTION ON LENGTH OF CON-
21 TRACTS.—(1) Section 5005(b)(1) of title 39, United
22 States Code, is amended by striking “(or where the Postal
23 Service determines that special conditions or the use of
24 special equipment warrants, not in excess of 6 years)” and
25 inserting “(or such longer period of time as may be deter-

1 mined by the Postal Service to be advisable or appro-
2 priate)”.
3

4 (2) Section 5402(d) of such title 39 is amended by
5 striking “for a period of not more than 4 years”.

6 (3) Section 5605 of such title 39 is amended by strik-
7 ing “for periods of not in excess of 4 years”.

8 (c) TECHNICAL AND CONFORMING AMENDMENT.—
9 The table of chapters for part V of title 39, United States
10 Code, is amended by repealing the item relating to chapter
11 52.

12 **SEC. 1003. REDUCED RATES.**

13 Section 3626 of title 39, United States Code, is
14 amended—

15 (1) in subsection (a), by striking all before
16 paragraph (4) and inserting the following:

17 “(a)(1) Except as otherwise provided in this section,
18 rates of postage for a class of mail or kind of mailer under
19 former section 4358, 4452(b), 4452(c), 4554(b), or
20 4554(c) of this title shall be established in accordance with
21 section 3622.

22 “(2) For the purpose of this subsection, the term
23 ‘regular-rate category’ means any class of mail or kind of
24 mailer, other than a class or kind referred to in section
25 2401(c).

1 “(3) Rates of postage for a class of mail or kind of
2 mailer under former section 4358(a) through (c) of this
3 title shall be established so that postage on each mailing
4 of such mail reflects its preferred status as compared to
5 the postage for the most closely corresponding regular-rate
6 category mailing.”;

7 (2) in subsection (g), by adding at the end the
8 following:

9 “(3) For purposes of this section and former section
10 4358(a) through (c) of this title, those copies of an issue
11 of a publication entered within the county in which it is
12 published, but distributed outside such county on postal
13 carrier routes originating in the county of publication,
14 shall be treated as if they were distributed within the
15 county of publication.

16 “(4)(A) In the case of an issue of a publication, any
17 number of copies of which are mailed at the rates of post-
18 age for a class of mail or kind of mailer under former
19 section 4358(a) through (c) of this title, any copies of such
20 issue which are distributed outside the county of publica-
21 tion (excluding any copies subject to paragraph (3)) shall
22 be subject to rates of postage provided for under this para-
23 graph.

1 “(B) The rates of postage applicable to mail under
 2 this paragraph shall be established in accordance with sec-
 3 tion 3622.

4 “(C) This paragraph shall not apply with respect to
 5 an issue of a publication unless the total paid circulation
 6 of such issue outside the county of publication (not count-
 7 ing recipients of copies subject to paragraph (3)) is less
 8 than 5,000.”; and

9 (3) by adding at the end the following:

10 “(n) In the administration of this section, matter that
 11 satisfies the circulation standards for requester publica-
 12 tions shall not be excluded from being mailed at the rates
 13 for mail under former section 4358 solely because such
 14 matter is designed primarily for free circulation or for cir-
 15 culation at nominal rates, or fails to meet the require-
 16 ments of former section 4354(a)(5).”.

17 **SEC. 1004. SENSE OF CONGRESS REGARDING POSTAL SERV-**
 18 **ICE PURCHASING REFORM.**

19 It is the sense of Congress that the Postal Service
 20 should—

21 (1) ensure the fair and consistent treatment of
 22 suppliers and contractors in its current purchasing
 23 policies and any revision or replacement of such poli-
 24 cies, such as through the use of competitive contract

award procedures, effective dispute resolution mechanisms, and socioeconomic programs; and

(2) implement commercial best practices in Postal Service purchasing policies to achieve greater efficiency and cost savings by taking full advantage of private-sector partnerships as recommended in July 2003 by the President’s Commission on the United States Postal Service.

SEC. 1005. CONTRACTS FOR TRANSPORTATION OF MAIL BY AIR.

(a) DEFINITIONS.—Section 5402(a) of title 39, United States Code, is amended—

(1) in paragraph (4), by striking “(g)(1)(D)(i)” and inserting “(g)(1)(A)(iv)(I)”;

(2) in paragraph (5), by striking “(g)(1)(D)(i)” and inserting “(g)(1)(A)(iv)(I)”;

(3) in paragraph (8), by striking “rates paid to a bush carrier” and inserting “linehaul rates and a single terminal handling payment at a bush terminal handling rate paid to a bush carrier”;

(4) in paragraph (11), by striking “(g)(1)(D)(ii)” and inserting “(g)(1)(A)(iv)(II)”;

and

(5) in paragraph (13)—

(A) in subparagraph (A)—

1 (i) by striking “clause (i) or (ii) of
2 subsection (g)(1)(D)” and inserting “sub-
3 clause (I) or (II) of subsection
4 (g)(1)(A)(iv)”;

5 (ii) by striking “and” after the semi-
6 colon;

7 (B) in subparagraph (B), by adding “and”
8 after the semicolon; and

9 (C) by adding at the end the following:

10 “(C) is not comprised of previously quali-
11 fied existing mainline carriers as a result of
12 merger or sale;”.

13 (b) NONPRIORITY BYPASS MAIL.—Section 5402(g)
14 of title 39, United States Code, is amended—

15 (1) in paragraph (3), by adding at the end the
16 following:

17 “(C) When a new hub results from a
18 change in a determination under subparagraph
19 (B), mail tender from that hub during the 12-
20 month period beginning on the effective date of
21 that change shall be based on the passenger
22 and freight shares to the destinations of the af-
23 fected hub or hubs resulting in the new hub.”;
24 and

1 (2) in paragraph (5)(A)(i), by striking
2 “(g)(1)(D)(ii)” and inserting “(g)(1)(A)(iv)(II)”.

3 (c) EQUITABLE TENDER.—Section 5402(h) of title
4 39, United States Code, is amended—

5 (1) in paragraph (1), by inserting “bush” after
6 “providing scheduled”;

7 (2) by striking paragraph (3) and inserting the
8 following:

9 “(3)(A) Except as provided under subparagraph
10 (C), a new or existing 121 bush passenger carrier
11 qualified under subsection (g)(1) shall be exempt
12 from the requirements under paragraphs (1)(B) and
13 (2)(A) on a city pair route for a period which shall
14 extend for—

15 “(i) 1 year;

16 “(ii) 1 year in addition to the extension
17 under clause (i) if, as of the conclusion of the
18 first year, such carrier has been providing not
19 less than 5 percent of the passenger service on
20 that route (as calculated under paragraph (5));
21 and

22 “(iii) 1 year in addition to the extension
23 under clause (ii) if, as of the conclusion of the
24 second year, such carrier has been providing
25 not less than 10 percent of the passenger serv-

1 ice on that route (as calculated under para-
2 graph (5)).

3 “(B)(i) The first 3 121 bush passenger carriers
4 entitled to the exemptions under subparagraph (A)
5 on any city pair route shall divide no more than an
6 additional 10 percent of the mail, apportioned equal-
7 ly, comprised of no more than—

8 “(I) 5 percent of the share of each quali-
9 fied passenger carrier servicing that route that
10 is not a 121 bush passenger carrier; and

11 “(II) 5 percent of the share of each non-
12 passenger carrier servicing that route that
13 transports 25 percent or more of the total
14 nonmail freight under subsection (i)(1).

15 “(ii) Additional 121 bush passenger carriers en-
16 tering service on that city pair route after the first
17 3 shall not receive any additional mail share.

18 “(iii) If any 121 bush passenger carrier on a
19 city pair route receiving an additional share of the
20 mail under clause (ii) discontinues service on that
21 route, the 121 bush passenger carrier that has been
22 providing the longest period of service on that route
23 and is otherwise eligible but is not receiving a share
24 by reason of clause (ii), shall receive the share of the
25 carrier discontinuing service.

1 “(C) Notwithstanding the requirements of this
2 subsection, if only 1 passenger carrier or aircraft is
3 qualified to be tendered nonpriority bypass mail as
4 a passenger carrier or aircraft on a city pair route
5 in the State of Alaska, the Postal Service shall ten-
6 der 20 percent of the nonpriority bypass mail de-
7 scribed under paragraph (1) to the passenger carrier
8 or aircraft providing at least 10 percent of the pas-
9 senger service on such route.”;

10 (3) in paragraph (5)(A)—

11 (A) by striking “(i)” after “(A)”; and

12 (B) by striking clause (ii).

13 (d) PERCENT OF NONMAIL FREIGHT.—Section
14 5402(i)(6) of title 39, United States Code, is amended—

15 (1) by striking “(A)” after “(6)”; and

16 (2) by striking subparagraph (B).

17 (e) PERCENT OF TENDER RATE.—Section
18 5402(j)(3)(B) of title 39, United States Code, is amended
19 by striking “bush routes in the State of Alaska” and in-
20 serting “routes served exclusively by bush carriers in the
21 State of Alaska”.

22 (f) DETERMINATION OF RATES.—Section 5402(k) of
23 title 39, United States Code, is amended by striking para-
24 graph (5).

1 (g) TECHNICAL AND CONFORMING AMENDMENT.—
 2 Section 5402(p)(3) of title 39, United States Code, is
 3 amended by striking “(g)(1)(D)” and inserting
 4 “(g)(1)(A)(iv)”.

5 (h) EFFECTIVE DATE.—

6 (1) IN GENERAL.—Except as provided under
 7 paragraph (2), this section shall take effect on the
 8 date of enactment of this Act.

9 (2) EQUITABLE TENDER.—Subsection (c) shall
 10 take effect on December 1, 2006.

11 **SEC. 1006. DATE OF POSTMARK TO BE TREATED AS DATE**
 12 **OF APPEAL IN CONNECTION WITH THE CLOS-**
 13 **ING OR CONSOLIDATION OF POST OFFICES.**

14 (a) IN GENERAL.—Section 404(b) of title 39, United
 15 States Code, is amended by adding at the end the fol-
 16 lowing:

17 “(6) For purposes of paragraph (5), any appeal re-
 18 ceived by the Commission shall—

19 “(A) if sent to the Commission through the
 20 mails, be considered to have been received on the
 21 date of the Postal Service postmark on the envelope
 22 or other cover in which such appeal is mailed; or

23 “(B) if otherwise lawfully delivered to the Com-
 24 mission, be considered to have been received on the
 25 date determined based on any appropriate docu-

1 mentation or other indicia (as determined under reg-
2 ulations of the Commission).”.

3 (b) EFFECTIVE DATE.—This section and the amend-
4 ments made by this section shall apply with respect to any
5 determination to close or consolidate a post office which
6 is first made available, in accordance with paragraph (3)
7 of section 404(b) of title 39, United States Code, after
8 the end of the 3-month period beginning on the date of
9 the enactment of this Act.

10 **SEC. 1007. PROVISIONS RELATING TO BENEFITS UNDER**
11 **CHAPTER 81 OF TITLE 5, UNITED STATES**
12 **CODE, FOR OFFICERS AND EMPLOYEES OF**
13 **THE FORMER POST OFFICE DEPARTMENT.**

14 (a) IN GENERAL.—Section 8 of the Postal Reorga-
15 nization Act (39 U.S.C. 1001 note) is amended by insert-
16 ing “(a)” after “8.” and by adding at the end the fol-
17 lowing:

18 “(b) For purposes of chapter 81 of title 5, United
19 States Code, the Postal Service shall, with respect to any
20 individual receiving benefits under such chapter as an offi-
21 cer or employee of the former Post Office Department,
22 have the same authorities and responsibilities as it has
23 with respect to an officer or employee of the Postal Service
24 receiving such benefits.”.

1 (b) EFFECTIVE DATE.—This section and the amend-
2 ments made by this section shall be effective as of the first
3 day of the fiscal year in which this Act is enacted.

4 **SEC. 1008. HAZARDOUS MATTER.**

5 (a) NONMAILABILITY GENERALLY.—Section 3001 of
6 title 39, United States Code, is amended—

7 (1) by redesignating subsection (n) as sub-
8 section (o); and

9 (2) by inserting after subsection (m) the fol-
10 lowing:

11 “(n)(1) Except as otherwise authorized by law or reg-
12 ulations of the Postal Service, hazardous material is non-
13 mailable.

14 “(2) In this subsection, the term ‘hazardous material’
15 means a substance or material designated by the Secretary
16 of Transportation under section 5103(a) of title 49.”.

17 (b) MAILABILITY.—Chapter 30 of title 39, United
18 States Code, is amended by adding at the end the fol-
19 lowing:

20 **“§ 3018. Hazardous material**

21 “(a) IN GENERAL.—The Postal Service shall pre-
22 scribe regulations for the safe transportation of hazardous
23 material in the mail.

24 “(b) PROHIBITIONS.—No person may—

1 “(1) mail or cause to be mailed hazardous ma-
2 terial that has been declared by statute or Postal
3 Service regulation to be nonmailable;

4 “(2) mail or cause to be mailed hazardous ma-
5 terial in violation of any statute or Postal Service
6 regulation restricting the time, place, or manner in
7 which hazardous material may be mailed; or

8 “(3) manufacture, distribute, or sell any con-
9 tainer, packaging kit, or similar device that—

10 “(A) is represented, marked, certified, or
11 sold by such person for use in the mailing of
12 hazardous material; and

13 “(B) fails to conform with any statute or
14 Postal Service regulation setting forth stand-
15 ards for a container, packaging kit, or similar
16 device used for the mailing of hazardous mate-
17 rial.

18 “(c) CIVIL PENALTY; CLEAN-UP COSTS AND DAM-
19 AGES.—

20 “(1) IN GENERAL.—A person who knowingly
21 violates this section or a regulation prescribed under
22 this section shall be liable for—

23 “(A) a civil penalty of at least \$250, but
24 not more than \$100,000, for each violation;

1 “(B) the costs of any clean-up associated
2 with each violation; and

3 “(C) damages.

4 “(2) KNOWING ACTION.—A person acts know-
5 ingly for purposes of paragraph (1) when—

6 “(A) the person has actual knowledge of
7 the facts giving rise to the violation; or

8 “(B) a reasonable person acting in the cir-
9 cumstances and exercising reasonable care
10 would have had that knowledge.

11 “(3) SEPARATE VIOLATIONS.—

12 “(A) VIOLATIONS OVER TIME.—A separate
13 violation under this subsection occurs for each
14 day hazardous material, mailed or caused to be
15 mailed in noncompliance with this section, is in
16 the mail.

17 “(B) SEPARATE ITEMS.—A separate viola-
18 tion under this subsection occurs for each item
19 containing hazardous material that is mailed or
20 caused to be mailed in noncompliance with this
21 section.

22 “(d) HEARINGS.—The Postal Service may determine
23 that a person has violated this section or a regulation pre-
24 scribed under this section only after notice and an oppor-

1 tunity for a hearing. Proceedings under this section shall
2 be conducted in accordance with section 3001(m).

3 “(e) PENALTY CONSIDERATIONS.—In determining
4 the amount of a civil penalty for a violation of this section,
5 the Postal Service shall consider—

6 “(1) the nature, circumstances, extent, and
7 gravity of the violation;

8 “(2) with respect to the person who committed
9 the violation, the degree of culpability, any history of
10 prior violations, the ability to pay, and any effect on
11 the ability to continue in business;

12 “(3) the impact on Postal Service operations;
13 and

14 “(4) any other matters that justice requires.

15 “(f) CIVIL ACTIONS TO COLLECT.—

16 “(1) IN GENERAL.—In accordance with section
17 409(d), a civil action may be commenced in an ap-
18 propriate district court of the United States to col-
19 lect a civil penalty, clean-up costs, and damages as-
20 sessed under subsection (c).

21 “(2) COMPROMISE.—The Postal Service may
22 compromise the amount of a civil penalty, clean-up
23 costs, and damages assessed under subsection (c) be-
24 fore commencing a civil action with respect to such

1 civil penalty, clean-up costs, and damages under
2 paragraph (1).

3 “(g) CIVIL JUDICIAL PENALTIES.—

4 “(1) IN GENERAL.—At the request of the Post-
5 al Service, the Attorney General may bring a civil
6 action in an appropriate district court of the United
7 States to enforce this section or a regulation pre-
8 scribed under this section.

9 “(2) RELIEF.—The court in a civil action under
10 paragraph (1) may award appropriate relief, includ-
11 ing a temporary or permanent injunction, civil pen-
12 alties as determined in accordance with this section,
13 or punitive damages.

14 “(3) CONSTRUCTION.—A civil action under this
15 subsection shall be in lieu of civil penalties for the
16 same violation under subsection (c)(1)(A).

17 “(h) DEPOSIT OF AMOUNTS COLLECTED.—

18 “(1) POSTAL SERVICE FUND.—Except as pro-
19 vided under paragraph (2), amounts collected under
20 subsection (c)(1)(B) and (C) shall be deposited into
21 the Postal Service Fund under section 2003.

22 “(2) TREASURY.—Amounts collected under sub-
23 section (c)(1)(A) and any punitive damages collected
24 under subsection (c)(1)(C) shall be deposited into
25 the Treasury of the United States.”.

1 (c) CONFORMING AMENDMENTS.—(1) Section
2 2003(b) of title 39, United States Code, is amended—

3 (A) in paragraph (7), by striking “and” after
4 the semicolon;

5 (B) in paragraph (8), by striking “purposes.”
6 and inserting “purposes; and”; and

7 (C) by adding at the end the following:

8 “(9) any amounts collected under section
9 3018.”.

10 (2) The analysis for chapter 30 of title 39, United
11 States Code, is amended by adding at the end the fol-
12 lowing:

“3018. Hazardous material.”.

13 (d) INJURIOUS ARTICLES AS NONMAILABLE.—Sec-
14 tion 1716(a) of title 18, United States Code, is amended
15 by inserting after “explosives,” the following: “hazardous
16 materials,”.

17 **SEC. 1009. ZIP CODES AND RETAIL HOURS.**

18 (a) ZIP CODES.—Not later than September 30,
19 2007, the United States Postal Service shall assign a sin-
20 gle, unified ZIP code to serve, as nearly as practicable,
21 each of the following communities:

22 (1) Auburn Township, Ohio.

23 (2) Hanahan, South Carolina.

24 (3) Bradbury, California.

25 (4) Discovery Bay, California.

1 (b) RETAIL HOURS.—Not later than 60 days after
2 the date of the enactment of this Act, the United States
3 Postal Service shall provide the same window service hours
4 for the Fairport Harbor Branch of the United States Post
5 Office in Painesville, Ohio, as were in effect as of Decem-
6 ber 1, 2005.

7 **SEC. 1010. TECHNICAL AND CONFORMING AMENDMENTS.**

8 (a) REIMBURSEMENT.—Section 3681 of title 39,
9 United States Code, is amended by striking “section
10 3628” and inserting “sections 3662 through 3664”.

11 (b) SIZE AND WEIGHT LIMITS.—Section 3682 of title
12 39, United States Code, is amended to read as follows:

13 **“§ 3682. Size and weight limits**

14 “The Postal Service may establish size and weight
15 limitations for mail matter in the market-dominant cat-
16 egory of mail consistent with regulations the Postal Regu-
17 latory Commission may prescribe under section 3622. The
18 Postal Service may establish size and weight limitations
19 for mail matter in the competitive category of mail con-
20 sistent with its authority under section 3632.”.

21 (c) REVENUE FOREGONE, ETC.—Title 39, United
22 States Code, is amended—

23 (1) in section 503 (as so redesignated by sec-
24 tion 601), by striking “this chapter.” and inserting
25 “this title.”; and

1 (2) in section 2401(d), by inserting “(as last in
2 effect before enactment of the Postal Accountability
3 and Enhancement Act)” after “3626(a)” and after
4 “3626(a)(3)(B)(ii)”.

5 (d) APPROPRIATIONS AND REPORTING REQUIRE-
6 MENTS.—

7 (1) APPROPRIATIONS.—Subsection (e) of sec-
8 tion 2401 of title 39, United States Code, is amend-
9 ed—

10 (A) by striking “Committee on Post Office
11 and Civil Service” each place it appears and in-
12 serting “Committee on Government Reform”;
13 and

14 (B) by striking “Not later than March 15
15 of each year,” and inserting “Each year,”.

16 (2) REPORTING REQUIREMENTS.—Sections
17 2803(a) and 2804(a) of title 39, United States
18 Code, are amended by striking “2401(g)” and in-
19 serting “2401(e)”.

20 (e) AUTHORITY TO FIX RATES AND CLASSES GEN-
21 ERALLY; REQUIREMENT RELATING TO LETTERS SEALED
22 AGAINST INSPECTION.—Section 404 of title 39, United
23 States Code (as amended by section 102) is further
24 amended by redesignating subsections (b) and (c) as sub-

1 sections (d) and (e), respectively, and by inserting after
2 subsection (a) the following:

3 “(b) Except as otherwise provided, the Governors are
4 authorized to establish reasonable and equitable classes of
5 mail and reasonable and equitable rates of postage and
6 fees for postal services in accordance with the provisions
7 of chapter 36. Postal rates and fees shall be reasonable
8 and equitable and sufficient to enable the Postal Service,
9 under best practices of honest, efficient, and economical
10 management, to maintain and continue the development
11 of postal services of the kind and quality adapted to the
12 needs of the United States.

13 “(c) The Postal Service shall maintain one or more
14 classes of mail for the transmission of letters sealed
15 against inspection. The rate for each such class shall be
16 uniform throughout the United States, its territories, and
17 possessions. One such class shall provide for the most ex-
18 peditious handling and transportation afforded mail mat-
19 ter by the Postal Service. No letter of such a class of do-
20 mestic origin shall be opened except under authority of
21 a search warrant authorized by law, or by an officer or
22 employee of the Postal Service for the sole purpose of de-
23 termining an address at which the letter can be delivered,
24 or pursuant to the authorization of the addressee.”.

1 (f) LIMITATIONS.—Section 3684 of title 39, United
 2 States Code, is amended by striking all that follows “any
 3 provision” and inserting “of this title.”.

4 (g) MISCELLANEOUS.—Title 39, United States Code,
 5 is amended—

6 (1) in section 1005(d)(2)—

7 (A) by striking “subsection (g) of section
 8 5532,”; and

9 (B) by striking “8344,” and inserting
 10 “8344”;

11 (2) in the analysis for part III, by striking the
 12 item relating to chapter 28 and inserting the fol-
 13 lowing:

“28. Strategic Planning and Performance Management 2801”;

14 (3) in section 3005(a)—

15 (A) in the matter before paragraph (1), by
 16 striking all that follows “nonmailable” and pre-
 17 cedes “(h),” and inserting “under section
 18 3001(d),”; and

19 (B) in the sentence following paragraph
 20 (3), by striking all that follows “nonmailable”
 21 and precedes “(h),” and inserting “under such
 22 section 3001(d),”;

23 (4) in section 3210(a)(6)(C), by striking the
 24 matter after “if such mass mailing” and before

1 “than 60 days” and inserting “is postmarked
2 fewer”; and

3 (5) by striking the heading for section 3627

4 and inserting the following:

5 **“§ 3627. Adjusting free rates”.**

